

WebMemo



Published by The Heritage Foundation

No. 1550
July 12, 2007

Election Risk for Japanese Prime Minister

Bruce Klingner

A loss by the ruling Liberal Democratic Party (LDP) in the July 29 House of Councilors (upper house) election could cause Prime Minister Shinzo Abe to resign after only nine months in office. An outraged electorate is holding Abe and the LDP responsible after revelations that the government lost millions of pension records, throwing the previously assured LDP election victory into turmoil. Although Abe will most likely remain in office, it is less certain that the LDP can retain an upper house majority. Abe cannot be forced from office even if the ruling coalition loses the upper house, since prime ministers under the current constitution have been selected from the LDP-dominated House of Representatives, which is not up for election until 2009. But the possibility that Abe feels obligated to resign is far greater than when the pension scandal broke a month ago.

The run-up to the election will remain volatile since polls show falling support for Abe and the LDP and nearly half of the electorate is not aligned with a party. An LDP loss of control of the upper house or an Abe resignation would constrain the ruling coalition's ability to enact legislation and would hinder U.S. efforts to have Japan assume a larger Asian and global security role.

The Election as Referendum on Abe. The election is seen as a judgment on Abe's leadership. His approval rating has plummeted from a high of 70 percent when he assumed office in September 2006 to 32 percent today. Abe began losing public support last year when he allowed legislators to return to the LDP after being dismissed by Koizumi for their

opposition to economic reforms. The move was interpreted as a rejection of Koizumi's reform policies and a return to party cronyism. The electorate also perceives Abe's emphasis on constitutional revision as ignoring their demands that he focus on the economy and on pension and health care reforms.

The upper house of the bicameral parliament consists of 242 councilors serving six-year terms, with half of the house elected every three years. To retain a majority of 122 seats, the LDP and its coalition partner, the New Komeito Party, must win 64 seats to augment the 58 uncontested seats retained from the 2004 election. Since the Komeito is expected to win 13 seats, the LDP must win 51 seats. The LDP will lose positions from its landslide victory of 65 seats six years ago during the height of then Prime Minister Junichiro Koizumi's popularity. The critical issues for this election will then be whether the LDP can retain the upper house majority or what magnitude of defeat would trigger an Abe resignation.

Pension Scandal Alters Political Landscape. Abe's troubles were compounded by opposition party revelations in May that, during the past decade, the Social Insurance Agency (SIA) of the Ministry of Health lost 50 million pension records,

This paper, in its entirety, can be found at:
www.heritage.org/Research/AsiaandthePacific/wm1550.cfm

Produced by the Asian Studies Center

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

failed to input an additional 14 million into the computer system, and underpaid pension benefits. The pension scandal caused the public to feel a deep sense of betrayal by the LDP-led government; 63 percent of respondents to a June 24 Kyodo News survey identified the issue as the most critical election issue. Other issues included in the survey were education reform (23 percent), constitutional revision (18 percent), redressing economic disparity (18 percent), and political scandals (16 percent).¹

The prime minister further alienated the public by initially appearing to downplay the seriousness of the issue, defending the bureaucracy rather than championing the pensioners' cause as Koizumi would have done. Only after the public furor did Abe pledge to redress the pension crisis within a year and abolish the five-year statute of limitations for claiming unpaid pensions.

Abe has also been hurt by a series of cabinet minister scandals which underscored long-standing perceptions of LDP corruption. In December 2006, Genichiro Sata resigned as state minister in charge of administrative reform over a political fundraising scandal. Minister of Agriculture Toshikatsu Matsuoka committed suicide on May 28 over his alleged role in rigging government bids. Minister of Defense Fumio Kyuma resigned on July 3 after causing public outrage for comments that appeared to condone the U.S. atomic bombings of Hiroshima and Nagasaki.

Plummeting Support for LDP. According to a July 1 *Asahi Shimbun* poll, public approval for Abe's cabinet has fallen to 28 percent, the lowest level since he assumed office in September 2006, while its disapproval rating has risen to 48 percent. The poll reflected an additional drop of 3 percentage points from a survey conducted on June 24. When asked how they would vote in the proportional representation component of the upper house election, 25 percent of respondents named the opposition Democratic Party of Japan (DPJ), an increase of 2 percentage points from the previous week; 19 percent

would vote for the LDP, a drop of 5 points. The LDP fared better in the individual candidate component, beating the DPJ 26 percent to 25 percent.² These numbers are dramatically worse than the LDP faced before its poor performance in the 2004 elections.

Election Dynamics in Flux. The election is very much in play since Japan's proportional upper house elections are seen as easily swayed by last-minute events and since 45 percent of the voters—the "floating electorate"—is unaffiliated with a party. A critical determinant will be the public's perception of Abe's leadership and initiative in the run-up to the election. Abe has often shown a tin ear for politics, however, and there are doubts concerning his ability to turn around public sentiment.

In a desperate attempt to counter voter anger, the LDP postponed the election until July 29 to provide more time to implement legislation to remediate the pension disaster and to spend on other issues meant to distract the populace. The LDP pushed pension legislation to provide a near-term partial solution, pledging to fix 80 percent of the missing pensions within a year, rising to 100 percent over time. The opposition DPJ advocated a slower, more complete solution, but a majority of the public preferred the LDP proposal. The LDP pushed through legislation to disband and privatize the SIA. It also passed separate civil service reform to address the endemic corruption caused by retiring bureaucrats gaining senior executive positions in the industries they oversaw, a practice known as *amakudari* ("descent from heaven").

The strongest mitigating factor against an LDP defeat will be the opposition DPJ's inability to capitalize on the ruling coalition's troubles. The electorate still does not see the DPJ as a viable alternative to the ruling coalition nor can it match the LDP's fundraising ability. Although only 24 percent of the public approved of the LDP response to the pension issue, as compared with 59 percent disapproval, the DPJ did not fare much better—27 percent approval and 45 percent disapproval.³

1. "Cabinet Hits New Poll Low," *The Japan Times*, June 25, 2007, at <http://search.japantimes.co.jp/cgi-bin/nn20070625a3.html> (June 29, 2007).
2. "Abe Cabinet's Support Rate Falls Below 30% for 1st Time," *Asahi Shimbun*, July 3, 2007, at www.asahi.com/english/Herald-asahi/TKY200707030116.html (July 3, 2007).

The second factor is that the LDP will retain a two-thirds majority in the more powerful lower house. Although then Prime Minister Ryutaro Hashimoto resigned in 1998 after the LDP lost its majority in the upper house, his party only had a 55 percent majority in the lower house. With a two-thirds majority, the LDP retains the ability to enact budget bills and certain other legislation even if the opposition controls the upper house. That said, the opposition could impose substantial political and parliamentary constraints on Abe's agenda.

Abe Likely to Remain in Office. Despite widespread media speculation of an Abe resignation, he will likely continue as prime minister, but it is becoming increasingly doubtful that he will be able to maintain a majority in the upper house. To do so, the LDP must either win 51 seats or cobble together a sufficiently large post-election coalition with minority opposition parties. If the ruling coalition loses the majority by a narrow margin, Abe will remain but will be politically weakened. It is unclear what magnitude of LDP loss would trigger an Abe departure, but it could occur within a relatively narrow range. There is speculation, including by senior LDP legislators, that any LDP result below 45 seats would lead the prime minister to leave, while others believe the margin allows for losses down to 41 LDP seats.

Strategic Concerns for the U.S. Neither Japan's policies nor its relationship with the United States will change significantly as a result of the upper house election. However, a lame duck prime minister would have greater difficulty achieving his policy agenda, including foreign policy goals consistent with U.S. objectives. Abe would instead feel compelled to reprioritize policies to focus on domestic issues such as pension, health care, and civil service reform.

Abe has made revising Japan's constitution, particularly the Article 9 pacifist clause, a principal tenet of his administration. The Ministry of Defense is reviewing potential options for transforming the self-defense forces to implement Abe's quest for Japan to assume a greater Asian and international security role. Constitutional revision cannot occur until 2010, but reinterpretation of the constitution allowing for a more assertive stance on collective self-defense could take place far earlier.

An Abe-commissioned special committee is expected to issue a report this autumn which advocates a greater role in defending U.S. forces against missile or naval attacks as well as allowing for a greater Japanese role in overseas peacekeeping and peace enforcement missions. This, in turn, could lead to a major policy realignment announcement by Abe, potentially as early as November. The U.S. has long advocated for Japan to assume greater security responsibilities to counter the North Korean and Chinese military threats to the region. Washington has also called upon Tokyo to expand its overseas participation in peacekeeping operations in the Middle East. These plans would likely be delayed or abandoned if Abe were weakened by an upper house loss or replaced by a successor.

Conclusion. A cabinet reshuffle is likely in any election scenario with greater LDP losses triggering a larger minister turnover. However, the Japanese markets are unlikely to react strongly, since the country's economy remains sound and there will be no change in the ruling party. The markets may make adjustments prior to the election as the final trend becomes apparent.

—Bruce Klingner is Senior Research Fellow for Northeast Asia in the Asian Studies Center at The Heritage Foundation.

3. *Ibid.*