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Japan Joins Changing Asia

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Abstract

The elections in Japan on 30 August 2009 are likely to take the country in an entirely different direction from the one it has pursued since the end of World War II. Then, it had allied itself closely with the United States, the country that gave it a new Constitution and promised it security against foreign aggression. It also gave an enormous amount of authority to the bureaucracy that wielded power much greater than that exercised by the elected representatives of the people. All that is set to change. When the opposition leader, Yukio Hatoyama, forms the government, he will set the country on a path that will begin to deviate significantly from the past. Change will come but it will arrive slowly. Since it is coming at a slow pace, it will perhaps endure over a long time. What the world may see is a significant restructuring of the global political and economic order, particularly in Asia. There will be changes in five areas, all of them significant for the world. Japan will begin to address the problem posed by a rapidly ageing population, it will redirect public money towards the less advantaged segments of the population, it will reduce the power of the bureaucracy, it will redefine its relations with the United States, and it will get closer to its Asian neighbours, in particular China.

Introduction

Asia is changing rapidly and change is coming from several different directions. With the exception of China, it is the exercise of democracy through elections that is producing the change. That happened in South Asia in 2007-08, with elections in Pakistan, Bangladesh, and India. Another change, not entirely anticipated, was produced by the elections held in Japan on 30 August 2009. The Japanese voters threw the Liberal Democratic Party (LDP) out of power for only the second time in the country's post-war history. The LDP had governed for more than 60 years and its rule was briefly interrupted by the narrow victory of the opposition a couple of decades ago. Then, the opposition was able to govern for only 11 months. It was too fractious to rule and the coalition fell apart, bringing the LDP back to power. This time, the change is likely to last since the Democratic Party of Japan (DPJ) won massively in the recent elections. It has captured 308 of the 480 seats in the Lower House of the Parliament.

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Working with the smaller parties, it has enough of a presence in the Lower House to pass important bills which need a two-third majority. When the opposition leader, Stanford University graduate Yukio Hatoyama, forms the government in Tokyo, he will set the country on a path that will begin to deviate significantly from the one the country has followed since its defeat in World War II. During the past 60 years, the LDP government ruled conservatively with the help of the bureaucracy.

Change in Japan will come but it will come slowly. Coming slowly, it will endure over a long time. What the world may see is Japan making a significant contribution to the restructuring of the global political and economic order that is already underway. There will be change in at least five areas, all of them significant for the world. Japan will begin to address the problem posed by a rapidly ageing population. Its demographic problem is more severe than in other developed countries. It will redirect public money towards the less advantaged segments of the population, thus breaking the bond that has existed between politics and the owners of large assets. It will reduce the power traditionally wielded by the powerful civil service, which maintained continuity in governance as political administrations changed with great frequency. It will redefine its relations with the United States, reducing its dependence on the United States for providing it with security. And it will get closer to its Asian neighbours, in particular China. I will briefly discuss each of these likely changes.

Ageing Population

Demographic change is coming to all parts of the world. In the West and Japan, it is taking the form of fertility rates falling well below 2.1 children per woman, the minimum needed to keep the population at the same level. The most dramatic change is occurring in Europe and Japan. In the case of Japan, the population, currently estimated at 127.6 million, is expected to decline to 115 million by 2030 and may fall below 100 million by the middle of the century. The DPJ placed the demographic problem at the centre of its economic programme. Unlike the United States, and to a lesser extent Europe, the Japanese are not prepared to let the problem of declining population be resolved by allowing migration. Instead, the DPJ has promised to use public policy to increase the rate of fertility. To ease parenting costs and encourage more women to have babies, the party proposes giving families 26,000 yen (\$275) per month per child until the child reaches junior high school. This will add up to a significant amount of subsidy for couples who decide to have more children than they had planned. Would this work? The experience of other countries that have pursued pro-natalist policies suggests that demographic trends are not easy to reverse.

Taking Care of the Less Advantaged

The DPJ is also promising to redirect the state's support from helping the richer segments of the population and supporting those that the system has neglected in the past. Currently, the rate of unemployment is at 5.7 percent, a historical high. It is proposing to provide free education, income support for relatively low-income farmers, monthly allowances for job seekers, training for the unemployed, and a higher minimum wage. Recognising that those with incomes less than the national average live away from city centres where most of them work, the DPJ proposes to eliminate tolls on highways. This programme, if fully implemented, will cost 16.8 trillion yen (US\$176 billion), starting in the fiscal year 2013. This will have the added advantage of providing stimulus to the economy which has stubbornly resisted many attempts at revival. This programme, given the size of the DPJ's victory, has the support of the population, not withstanding its cost. The Japanese electorate

does not seem to be worried by the fact that the programme would increase the debt-to-gross domestic product (GDP) burden beyond the already high 100 percent. On the other hand, a large fiscal deficit and growing debt burden in the United States has become a major political issue in spite of the fact that the debt-to-GDP ratio will not touch the Japanese levels.

Taking Power Away from the Bureaucracy

For most of the time that the LDP dominated the Japanese political scene, it was happy to let the bureaucracy steer the nation, which it did spectacularly well and was credited with producing the economic miracle, the first in East Asia. In fact, the other miracle economies of East Asia borrowed liberally from Japan, using the state under the control of powerful civil servants to guide the economy.

The civil service's stellar performance in the early post-war years notwithstanding, recent prime ministers have tried to reduce the bureaucracy's power after corruption scandals and a failure to end the country's long stagnation. The civil servants became the target of growing populist ire, a sentiment successfully exploited by the DPJ. The big question is whether the party will succeed. Even before formally taking office, it has challenged the appointment at the consumer affairs agency by the outgoing government headed by Prime Minister Taro Aso. Of the 308 Democrats elected to the Parliament, 143 are first time lawmakers; and of the rest, only a few have held cabinet or sub-cabinet positions. On the other hand, there is an enormous amount of experience in the bureaucracy. The civil servants will no doubt attempt to control the new breed of politicians as they did during the days of Prime Minister Junichiro Koizumi, who also came to office with some reformist zeal.

Redefining Relations with the United States

If the Prime Minister-designate Hatoyama begins the process of disengaging his country from the United States, it will not happen suddenly. The first series of adjustments will concern the positioning of American troops in the island of Okinawa, which has become a contentious issue. The DPJ had pledged in its manifesto that the agreement with the United States would be renegotiated, and this allows the United States to keep 50,000 soldiers on the island. The other change would be Tokyo's withdrawal from another agreement that has the Japanese ships providing fuel to the American fleet in the Pacific. This is controversial in Japan – it has been vigorously opposed by the left especially when the refueling involves the fleet engaged in active operations, as has been the case in the Iraq war. As Japan begins to pull back from a close military relationship with the United States, Washington may get even more dependent on India as a friend in the Asian region.

Getting Closer to Asia

Under the Democrats, Japan is likely to get closer to China and South Korea, two countries with which it has had uneasy relations in the past. One reason for this is the reluctance of the Japanese leaders to accept that its troops committed numerous extremely violent acts during the Second World War in the countries they occupied. This was particularly the case in Korea and China. The governments in Japan have gone to the extent of rewriting the history of the war in school textbooks to gloss over the behaviour of its troops in the occupied lands. This may change and the Democrats may come to terms with their country's past. There is a likelihood of a serious realignment under the Democrats. This development will not go unnoticed by the United States. Washington may form a close working relationship with

India while China, Japan, Myanmar, Bangladesh and Pakistan – the last three countries nervous about India’s hegemony in the region – may form some kind of an alliance of their own.

The main point to be underscored here is that the election in Japan has produced a dynamic of considerable consequence for Asia, including the southern part of the continent. This will need to be watched carefully as the newly-elected DPJ settles down in office.

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