

Locating the LDP and Koizumi in Policy Space: A Party System Ripe for Realignment

Leonard SCHOPPA

The 1990s was a tumultuous decade for Japanese party politics. After 38 years of one-party cabinets headed by the Liberal Democratic Party (LDP), this decade saw so many twists and turns that voters could barely keep up. The LDP split into three parts in 1993, ushering in an era of shifting coalitions that saw a seven-party, non-LDP coalition rule for eight months, followed by a three-party coalition including the LDP and its long-time arch-rival, the Socialists. A brief period of LDP-only rule was then followed by another series of shifting coalitions: the LDP plus the Liberals; these two parties plus the *Komeito*; and then the LDP and *Komeito* plus the Conservatives. Along the way, the Japanese party system saw the creation of many brand new parties, including New Frontier Party (the major opposition party between 1995 and 1996), and the new major opposition party, the Democratic Party of Japan. The Upper House election this summer revealed that both the LDP and Democrats remain internally divided in ways that could unleash further party realignment in the months ahead.

Pundits and political scientists have offered a variety of explanations for each of these twists and turns as they were happening, mostly focused on the machinations of ambitious politicians like OZAWA Ichiro who were willing to split, ally, and merge their parties into whatever combinations best served their ambitions for power. The views of voters and politicians on policy, according to the conventional wisdom that emerged from these analyses (see for example Kohno 1997 and Curtis 1999), had very little influence on a process driven largely by raw thirst for power.

Contrary to this conventional wisdom, I propose here that the turmoil in party politics during the past decade results from the way it has been knocked loose from its moorings by changes in how voters and politicians think about policy issues—in other words, in the way the system is situated in "policy space." During the 1990s, these shifts in policy space opened up new opportunities for party splits, mergers, and alliance shifts. Today, with the stakes involved in the policy debates over security and economics much larger than they were a few years ago, the policy environment is poised to drive the next phase of realignment.

The first shift in policy space has been widely discussed by analysts of Japanese politics: the "1955 System" was shaken up by the end of the Cold War, the dominant feature of Japan's international environment that long



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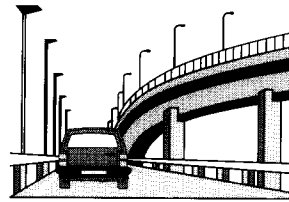
Locating the LDP and Koizumi in Policy Space *continued*

kept the party system stable by tying it to the deep social cleavage over whether Japan should be armed and allied to the United States. On one side of this cleavage, the Socialists and Communists stood firmly against the U.S.-Japan military alliance and opposed the very existence of the Japanese Self-Defense Forces, representing a large minority of the public that shared these views. On the other, the LDP represented the majority of voters who consistently supported the alliance and (limited) defense efforts. The end of the Cold War rendered this old policy divide much less urgent, allowing politicians to think about splitting, allying, and merging parties in ways that previously had been inconceivable.

This change in "policy space" would have been much less disruptive had it been replaced by a new left-right cleavage, for example over the government's role in redistributing income from the rich to the poor. In the U.S. and Britain, the persistence of this social cleavage has helped anchor stable, two-party politics. In Japan's case, however, the emergence of a new, salient divide over economic policy has not mapped neatly onto the old security-based left-right divide. On the contrary, the debate over economic policy has created a second axis of cleavage that bisects the old one.

The emergence of this new line of cleavage has been hard for voters, politicians, and political scientists to absorb. As long as the "1955 system" was in place, political scientists didn't need to spend much time trying to determine which issues defined the partisan debate: the divide over security policy was obviously the most salient. Pollsters did ask about economic issues, but usually in ways that mapped neatly onto the progressive-conservative divide over security policy. Pacifist voters and politicians tended to favor the "leftist" perspective on economic policy, calling for more welfare spending and a bigger government. Hawkish voters and politicians were also mostly "rightist" on economics, favoring Japan's "tradition" of relying on families to provide social support and small government. Party competition in Japan seemed to reflect, at least passively, the left-right divide over economic policy seen in most other advanced democracies.

Unfortunately, this tendency of political scientists to think about economic policy debates in terms of "small" versus "big" government has carried over into an era when the salient divide among voters and politicians is defined quite differently. KABASHIMA Ikuo's well-known "zemi" survey of politicians (2000), for example, followed previous practice in asking Diet members whether they favored more spending on social welfare, small



The Koizumi Reforms

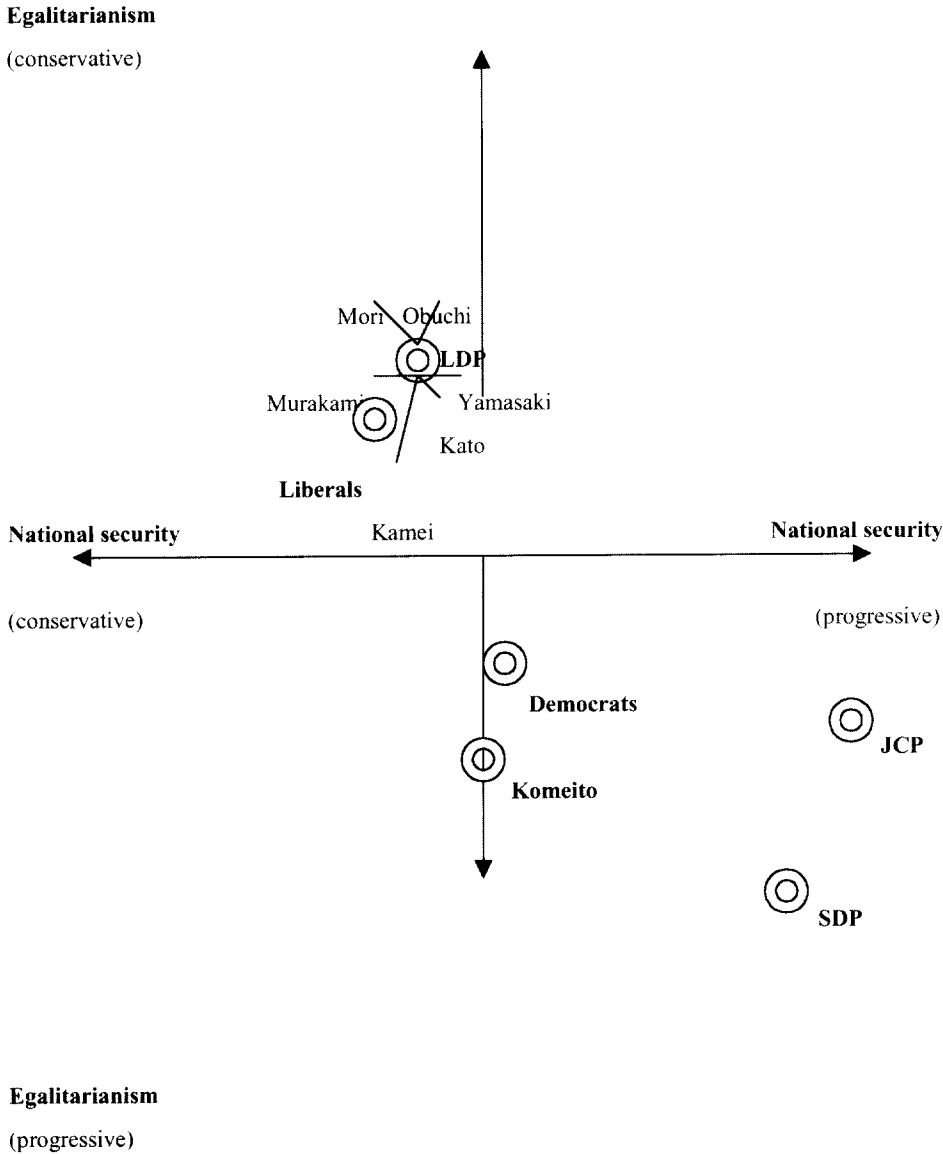
government, and self-reliance. It found that politicians' answers to these questions fell fairly neatly in line with the persistent left-right divide on security policy. Plotting the positions of the parties in two-dimensional policy space defined by the old differences over the security policy on the horizontal axis and the divide over economic policy (which he called "egalitarianism") on the vertical axis put all of the parties into the NW "conservative" quadrant or the SE "progressive" corner. He thus justified continuing to simplify things by placing the parties along a single left-right dimension. Also interesting was his finding that when politicians were asked about economic policy in these terms, they were relatively homogeneous. Consequently, he predicted, a further split in the LDP was very unlikely. (See Figure 1)

I propose that this way of asking about views on economic policy has caused us to overlook the most important ways in which Japanese policy debate over economic policy has changed over the course of the 1990s. The most salient division, at least since 1993 when HOSOKAWA Morihiro took center stage with his proposals to decentralize, deregulate, and cut agricultural protection, has been between two camps that have not fallen neatly into the old progressive or conservative camps. On one side, a motley collection of old Socialists and old-guard members of the LDP has favored a continuation of policies designed to protect declining and uncompetitive sectors of the economy through trade protection, regulation, maintenance of the "convoy" financial system, and government spending on public works. On the other, an equally assorted band of "economic reformers" has favored deregulation, fiscal restraint, the speedy disposal of bad loans, and the elimination of public corporations—all designed to make the economy more efficient and create more incentives for workers and firms to boost their productivity.

Surveys conducted by Kabashima (2000) and Kato and Laver (1998) included a few questions that hinted at the emergence of this cleavage. Kabashima found that when asked whether they supported "administrative reform," LDP politicians were relatively lukewarm compared to those from all other parties save the Communists. Likewise, when Kato and Laver asked political scientists to identify where the parties stood on the important issues, they found that on "regulatory policy" the LDP was again relatively opposed to deregulation, in comparison to the more reformist positions of the Democrats, the New Frontier Party, and Sakigake. This issue, these studies suggested, cut across the cleavage line represented by party views on

Locating the LDP and Koizumi in Policy Space *continued*

Figure 1: Two-Dimensional Positioning of Parties and LDP Factions



Source: Kabashima Ikuo, "An Ideological Survey of Japan's National Legislators," Japan Echo (August 1999), p. 14.

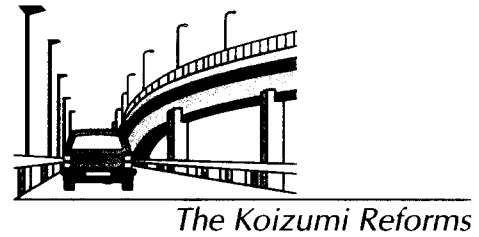
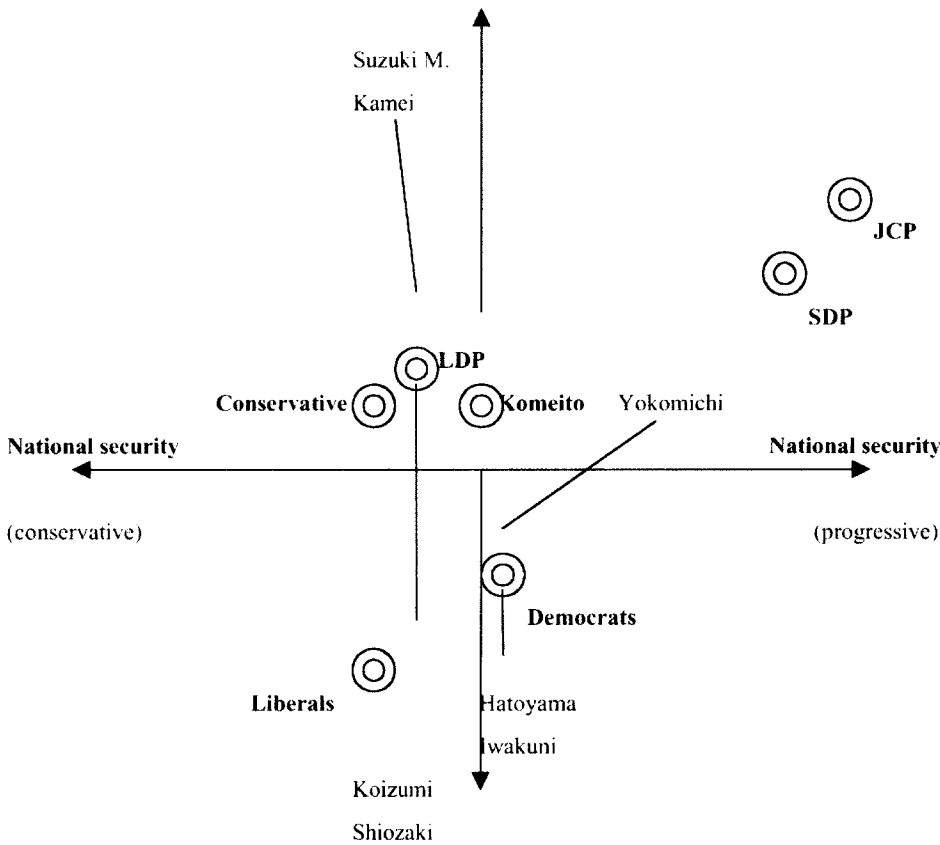


Figure 2: Two-Dimensional Positioning of Parties and Key Politicians (2001)

Maintenance of Regulation / Convoy Capitalism

(opposed to bad loan disposal / pro-construction spending / anti-privatization of postal services)



Neoliberal Economic Reform

(rapid disposal of bad loans / fiscal restraint / privatization)

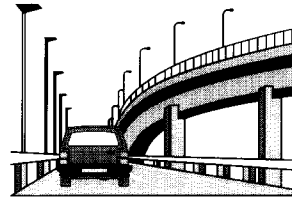
Method: Security policy positions are based on Kabashima data used in the chart above; positions on neo-liberal reform for parties based on Kabashima and Kato/Laver survey questions about administrative reform and regulation cited in the text, along with recent policy positions taken by parties during the upper house election; positions of individual politicians are estimated based on recent public statements.

Locating the LDP and Koizumi in Policy Space *continued*

security policy rather than mapping neatly on top of it. Policy space was becoming truly two-dimensional.

More recent surveys of politicians and elites are not available, but my prediction is that if we asked where politicians stand today on the economic issues that have truly come to the fore under Prime Minister KOIZUMI Jun'ichiro, we would see the spread over two-dimensions expanding in even starker terms. The "conservative camp" on security issues is split between those who want to continue spending money on pork barrel projects, delay resolution of the bad debt problem, and postpone privatization of public corporations—exemplified by the public positions taken during and since the Upper House elections by KAMEI Shizuka and SUZUKI Muneo—and those from various parties who want to follow Koizumi in implementing "structural reform with no sacred cows." Likewise, the "moderate camp" on security issues is split between those who favor deregulation, fiscal restraint, and bad loan disposal—such as HATOYAMA Yukio and IWAKUNI Tetsundo—and those who oppose privatization and favor a sharp increase in social welfare spending. In contrast to what was mapped by Kabashima, I suggest, the political world now looks like Figure 2.

These shifts in the contours of policy space matter because they have fundamentally changed the opportunities and constraints facing politicians and parties struggling for power. First, the declining salience of security issues since the end of the Cold War and the emergence of a new cross-cutting cleavage over administrative reform opened up opportunities for parties to split, merge, and ally in ways that were previously unthinkable. Individual politicians' power ambitions certainly played a major role in driving the process, but the shifts in policy space were a necessary condition that allowed the splits and alliances that created the "pro-reform" Hosokawa government, followed by the "anti-reform" Murayama LDP-JSP coalition. Likewise, the new policy space allowed Ozawa to gather in the New Frontier Party a group of parties that disagreed over security policy while standing together on the reformist side of the debate with the LDP over "administrative reform." Finally, the Democrats too represented a union of hawks and doves that would not have happened in the Cold War days, but one that was made possible by their common opposition to the way the LDP was putting the country deep into debt in its desperate attempt to avoid economic reform.



The Koizumi Reforms

Today, however, the stakes involved in debates over economic policy have become great enough that they are poised to drive the next phase of party realignment. The LDP is today divided down the middle by the proposals for "structural reform" that Koizumi is trying to push forward. The party may in the short-term paper over these divisions, but the differences are too great and the economic situation too desperate to allow politicians with such divided views to stay together in one party. Likewise, the Democrats are showing signs of strain as they struggle to reconcile their previous support for fiscal restraint with their recent calls for increased social spending. When the LDP splits, the group associated with Koizumi is likely to attract defectors from other parties as well. How many will depend on whether the split happens before or after Koizumi loses his public support in the face of the continuing rise in unemployment.

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