

Final Exam POL 2018, Fall 2016

Model Answers

Question 1: Identifications

Answer two only (each is worth 25 %). Based upon class readings and lectures, explain the significance of two of the following.

1. Article 9

This is an article in the Japanese Constitution. The Constitution was adopted in November 1946 and went into effect six months later, when Japan was under US occupation. The content of the article is as follows:

“Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.

In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.”

Article 9 was first drafted by the Supreme Command for the Allied Powers and thereafter reviewed and adopted by the Japanese Diet. The chairman of the Lower House committee that reviewed the draft, Ashida Hitoshi, suggested some minor revisions, part of which was reworded as: “In order to accomplish the aim of the preceding paragraph.” This phrase, which is called the Ashida Amendment or Ashida Escape Clause, has been used to justify that Japan has the right of self-defense. Further, the phrase “war potential” has been the key to interpreting the practical meaning of Article 9. In practice, “war potential” has been interpreted to mean offensive or power projection military capabilities. Formal responsibility for constitutional interpretation is generally exercised by the Cabinet Legislative Bureau, or *Houseikyoku*. The Cabinet Legislative Bureau ruled in 1952 that the overseas dispatch of the Self-Defense Forces for non-combat operations would be constitutional.

The Nationalist Chinese Delegate on the Far Eastern Commission, an allied commission overseeing the occupation of Japan, saw the Ashida Amendment as an escape clause for rearming. They demanded that Article 66 of the constitution be amended to specify that only civilians could be cabinet members. Ironically, this amendment logically recognizes the existence of a military. If there is no military, then there can be no distinction between civilian and military. The Cabinet Legislative Bureau has never attempted this interpretation

Article 9 has never been amended. However, legislation passed in 2015 built on a new interpretation of Article 9 that allowed a limited exercise of collective self-defense. Collective self-defense is to defend another country. According to the 2015 interpretation, Japan has the right to use force if the following three conditions are met. These conditions also cover the conditions for exercising limited collective self-defense:

- 1) When an armed attack against Japan has occurred or when an armed attack against a foreign country that is in a close relationship with Japan occurs and as a result threatens Japan's survival and poses a clear danger to fundamentally overturn people's right to life, liberty and pursuit of happiness,
- 2) When there is no other appropriate means available to repel the attack and ensure Japan's survival and protects its people,
- 3) Use of force is limited to the minimum extent necessary.

2. Koizumi Junichiro

Koizumi Junichiro is a politician from the Liberal Democratic Party of Japan. He was prime minister from 2001 to 2006. (He was Minister of Health and Welfare in 1988-89 and 1996-98 and Minister of Postal and Telecommunication Services in 1992-93.)

A large percentage of rank and file members of the LDP voted for Koizumi when he was elected president of the party. He thereafter became prime minister, and following up his vow to reduce the power of vested interests over the party, he cut spending on public works, thereby reducing budget expenses. His government later wrote off bad loans of banks, and by the time Koizumi left office in September 2006, the percentage of bad loans to total assets at Japan's banks had shrunk to less than 2%.

Koizumi promoted privatization of the Japanese postal services. Partly, this has been a personal obsession of his since he was Postal Minister. This can also be seen in the context of factional politics within the LDP, as local post masters, who have played an important role in election campaigns, often have supported the Tanaka...Hashimoto faction, archenemy of the Fukuda...Koizumi faction. The struggle over privatizing the postal services can also be seen as an urban versus rural struggle.

The Japanese Postal Savings and Insurance System was the largest financial institution in the world in 2003. These funds have allowed the government to have an unofficial second budget to use for loans for pork barrel projects benefiting LDP politicians (the Fiscal Investment and Loans Plan). After his plan to privatize the postal services was voted down by the Diet in 2005, Koizumi dissolved the Lower House, and led his party to a large victory in the subsequent election. Thereafter, a watered down plan to begin privatization of the postal services was passed. During Koizumi's last year as prime minister, he ignored the public's top priority: pension reform. After he had left office, neglect of pension reforms by the LDP was one reason that the party lost popular support.

From 2001, under Prime Minister Koizumi, Japan dispatched Maritime Self-Defense Force ships to the Arabian Sea to provide rear-area logistical support for US military operations against Al-Qaeda and the Taliban regime in Afghanistan. The dispatch extended beyond Koizumi's term in office. From 2004 to 2006, under Koizumi, Japan sent Ground Self-Defense Forces to do humanitarian and reconstruction work after hostilities had ended in southern Iraq. Japan also used its Air Self-Defense Forces to deliver supplies related to humanitarian reconstruction, beginning in 2004 and lasting beyond Koizumi's term in office. Due to a hesitant public opinion, Koizumi scaled down his original plans for dispatch both to the Arabian Sea and to Iraq.

Each year from 2001 to 2006, Koizumi made official visits to Yasukuni Shrine, provoking much criticism from China and Korea.

3. Keiretsu

Keiretsu have been a central feature of the postwar Japanese economic system. Some aspects of the keiretsu system were, however, modified after the economic downturn in the 1990s.

Horizontal keiretsu emerged in the 1950s to replace the zaibatsu, which were pyramidal groups of financial and industrial firms under a family-dominated holding company that the US occupying authorities dissolved. Horizontal keiretsu are horizontal groups of firms that hold each other's shares, engage in preferential business transactions and include a main bank. In addition, they will usually include one large non-bank financial institution, one large manufacturing firm and one general trading company, but they will generally not include two companies that are direct competitors to each other in the same industrial sector. Six horizontal keiretsu – Mitsubishi, Mitsui, Sumitomo, Daiichi Kangyo, Sanwa and Fuyo – emerged in the 1950s. In the Mitsui keiretsu in 1974, 22 core member firms owned 50-100 % of 486 firms, 25-50 % of 975 firms and 10-25 % of 1376 firms. Vertical keiretsu organize the extensive supply networks of manufacturing firms (such as Toyota) and distribution keiretsu allow the manufacturing firms to control the marketing and sales of their products.

Under this system, permanent workers in core firms have enjoyed job security, whereas nonregular workers have not. A characteristic of corporate governance has been that managers have considered the interests of a wide group of stakeholders – workers, banks, suppliers, and distributors – when making management decisions. Many representatives on corporate boards have been career executives, and few have been outsiders. Assemblers have often remained loyal to their suppliers in exchange for the suppliers' efforts to cut costs, develop products to specification, make deliveries on time and give after-delivery service.

After the 1990s, stronger companies became more independent of their main banks and acquired other forms of financing, whereas weaker and smaller companies became more dependent on their main banks. Some main banks had merged, leading to a merger or cooperation between other firms of their respective horizontal keiretsu as well. Firms have maintained the long-term employment system for permanent workers, but have hired more temporary workers. During the economic downturn in the 1990s, some permanent workers were transferred to suppliers or affiliated companies. The percentage of listed corporations in Japan owned by banks and nonfinancial firms has fallen, whereas the percentage owned by foreigners has increased. Firms have become somewhat more concerned with maximizing financial returns. Large firms have been reluctant to drop loyal suppliers, but have pressured them to lower costs.

4. DPJ

The DPJ (Democratic Party of Japan) was formed in 1996 by politicians with a background from parties such as the Social Democratic Party of Japan and the Liberal Democratic Party of Japan. In

1998, the party merged with members from the New Frontier Party and retained the DPJ name, and in 2003, it was joined by the Liberal Party, led by Ozawa Ichiro.

In the 2009 Lower House election, the DPJ won a majority for the first time. It won 308 out of a total of 480 seats, and the LDP's share was reduced from 300 to 119 seats. Analysts have said that the DPJ won because the LDP had ignored public opinion on pension reform and growing economic inequality, had alienated rural voters with postal privatization and had alienated urban voters by allowing postal rebels, who had voted against privatization of the postal services, back into the LDP. Above all, the DPJ sold the public on "seiken kotai," or a change of government as an ends in itself. The election was thus about seiken kotai and punishing the LDP.

In the 1993 election, the LDP had lost power to an eight-party coalition, but following the 2009 election, the DPJ took over the government in a coalition with two minor parties. Three consecutive prime ministers from the DPJ, HATOYAMA Yukio, KAN Naoto and NODA Yoshihiko, led Japan until 2012. The DPJ government reduced public works spending and increased social security spending in the fiscal 2010 budget. It reversed the privatization of Japan Post and introduced child allowances for all families and pension guarantees. However, Abe Shinzo led the LDP to a major victory in 2012, and became prime minister that year.

In 2007, the DPJ became the biggest party in the Upper House. A non-LDP coalition now had a majority of seats in the Upper House and could vote down LDP legislation there, but the LDP-led ruling coalition could override this with a two-thirds majority vote in the Lower House. From the Lower House election in 2009 to the Upper House election in 2010, the DPJ-led coalition controlled both houses of parliament, but in 2010, it lost the majority in the Upper House. After 2012, the LDP-led coalition had the majority in the Lower House, but not in the Upper House. However, after the Upper House election in 2013, the LDP-led coalition had a majority in the Upper House as well.

The DPJ espoused a centrist and social liberal ideology. In 2001, opinions varied from neutral to pro-revision on the question of revising Article 9 of the Constitution. In 2007, the DPJ used its control of the Upper House to force the LDP-led government to scale down the MSDF dispatch to the Indian Ocean, and in 2010, the DPJ-led government terminated this dispatch. The DPJ-led government tried to strengthen ties with China while maintaining a strong alliance with the US. It also introduced a feed-in-tariff for renewable energy to promote the use of such energy sources after the election victory in 2009. On 27 March 2016, the DPJ merged with Japan Innovation Party and Vision of Reform and formed the Democratic Party (Minshintō).

Question 2: Essay

Answer only 1 question based upon class readings and lectures. This answer is worth 50%.

1. Describe John Dower's argument about how Japan was democratized "from above" during the US occupation (1945-52). Describe how the Japanese democracy operated thereafter, and discuss whether this was influenced by the way that it was introduced "from above". Discuss whether any reforms introduced after 1990 have changed the character of the Japanese democracy.

John Dower argues that Japanese democracy was implemented or restored from above during the US occupation. Democratizing Japan was seen as a way to root out militarism and make Japan a more peaceful state. Democratic reforms included giving women the right to vote for the first time, freeing all political prisoners, recognizing the right of labor to unionize and strike and other human rights. The 1946 Japanese Constitution, which was drafted by the US occupying forces, embodied democratic principles.

There is a contradiction between democratic reforms and the fact that they were introduced by General Douglas MacArthur, who had powers as a military dictator in Japan. This contradiction is manifest in the fact that while free speech was introduced, the Japanese press was censored by the occupying forces. Some have asked whether a democracy that was bestowed as a gift and not fought for has sufficient foundation to be sustained.

When writing about how the Japanese democracy operated after the occupation, candidates can describe both traits that are clearly related to the way democracy was introduced and traits that are not clearly related to this.

In the late 1950s, the Japanese Diet was dominated by the Liberal Democratic Party (LDP) and the Japan Socialist Party (JSP). A single non-transferable vote (SNTV) system was used for Lower House elections and a part of each Upper House election. This system gave parties incentives to direct their election campaign at a segment of a multi-member district representing enough votes to elect a candidate. The largest party, the LDP, would often field several candidates in a district, each supported by a faction in the party. However, the largest opposition party, the JSP, stagnated under this electoral system. From the early 1960s onward, most JSP incumbents were reluctant to allow a second JSP candidate in their district for fear of candidate fratricide. This gave space for new small centrist parties to emerge in the 1960s to try to fill the other district seats (The Clean Government Party (CGP, Koumei) and the Democratic Socialist Party (DSP)). Consequently, the party system ended up being dominated by a large but factionalized LDP and several small opposition parties, of which the JSP was the largest. The number of parties peaked in the mid 1990s with a new party boom and the collapse of LDP single-party rule.

Members of the Japanese left have feared that Japanese democracy has fragile foundations and that some democratic reforms may be reversed by politicians with an authoritarian attitude. Many had such apprehensions when Kishi Nobusuke, who was munitions minister in Tojo's wartime cabinet, was prime minister in the late 1950s and used majoritarian tactics to ram the revised US-Japan security treaty through the Diet in 1960. However, although often able to form a numerically winning one-party cabinet, LDP cabinets nonetheless often behaved like minority cabinets. One example of this is how the LDP tried to get opposition support for the 2003 Emergency Measures Legal Framework Bill. If there have been any politicians that have wished to follow authoritarian policies, they may have been restrained by the habit of accommodating the views of other parties. Additionally, the Japanese population's increasing trust in its government's ability to wield the military may indicate that the fear that government may turn more authoritarian has decreased.

Candidates can mention several different reforms introduced after 1990. A new electoral system for the Lower House and a new, tighter Law on Political Ethics and Contributions were introduced in 1994. Some people have argued that the SNTV electoral system (see above) may have made politicians focus on narrow topics and prevented the discussion of broader political issues. It may

also have stimulated growth of personal political machines (*koenkai*) to organize voters, something that again may have contributed to political corruption. Politicians who voted for the introduction of the Parallel Plurality PR System for Lower House elections, as well as the law on campaign funding, argued that these reforms could rectify these problem. (Under the Parallell Pluarlity PR System , 300 candidates are elected in single-seat plurality constituencies and 200 candidates (later reduced to 175) in 11 large regional PR districts. Each voter casts one vote for a single-seat constituency and one for a PR district.)

Other reforms may change the character of the Japense democracy by strengthening civil society. One reform was the introduction of the Non-Profit Organization Law in 1998, under which the amount of bureaucratic screening needed to approve such an organization was reduced. Another was the introduction of a Freedom of Information Law in 1999. A third was the adoption of the recommendations of the Judicial Reform Council in 2001, which gave citizens greater access to litigation. These reforms may have strengthened the ability of citizens to organize and participate in democratic processes, as well as to make sure that the government is accountable.

2. Give a brief summary of different descriptions of the relationship between the government and businesses in Japan. How have the Japanese government and businesses cooperated to ensure that Japanese businesses acquire technology? How has technology policy influenced Japanese foreign policy? Discuss whether the consequences of the cooperation between the Japanese government and businesses about technology have been positive or negative.

Several descriptions of the government-business relationship can be mentioned here:

- Chalmers Johnson developed the Capitalist Development State (CDS) model in his book "MITI and the Japanese Miracle" from 1982. According to this model, the Ministry of International Trade and Industry (MITI) (which later merged with other government agencies and was reorganized as the Ministry of Economy, Trade and Industry (METI)) made plans for and intervned in the economy in ways that accelerated the flow of resources from declining to rising industries. It encouraged companies to enter strategic sunrise industries and pursue long-term growth.

- Kenneth Pyle refers to scholars who put more emphasis on economic factors than the CDS model does. They point out that MITI could enforce compliance after a majority opinion had formed in an industry. These scholars place more emphasis on factors such as corporate strategies and corporate culture.

- Vogel finds that by the the early 2000s, the Japanese economy had moved closer to a liberal market model, partially due to government reforms. Nevertheless, the labor, finance, corporate governance and supplier relations of firms were characterized by a long-term perspective, setting the Japanese economy apart from a pure liberal market model. Government reforms allowed firms to hire temporary workers to a greater extent than before, and reforms allowed companies to raise more capital in capital markets and less through bank loans. The government had forced banks to collect or write off nonperforming loans. Corporate governance had become more flexible, letting more outsiders to companies, including representatives from foreign firms, sit on corporate boards. The

use of measures like stock options was also permitted. Companies were allowed to develop a variety of different relations to suppliers. As a result of these changes, government managed businesses more through the use of rules based regulation than by regulation through direct contact with the companies.

- According to Richard Samuels, the Japanese government has put special effort into strengthening the economy by enhancing its technology base. This has taken place throughout the period he studies, from the transition to the Meiji period to the early 1990s. The Japanese government has used the three measures indigenization of technology, diffusion of technology to different companies in the economy and nurturance of the technology that has been diffused. Indigenization has been promoted by giving Japanese firms the blueprints for imported machines and tools being used by the government, legal sanctions to discourage the use of imported parts and machines and building up the general technological level of the nation. Capital controls prevented foreign companies from buying Japanese firms and thereby hindered technology from leaking out to competitors in other countries. Diffusion has been achieved by treating technology as a quasi-public good distributed through producer networks, public bureaucracies and research consortia. There have been few barriers to diffusion of technology between the military and the civilian sector. Nurturance has been furthered by the government promoting a convoy system which prevents excessive competition between companies. Nurturance builds on negotiation and state guidance to help moderate business cycles, differential access to capital and large-firm market power.

- Aspects of the iron triangle between bureaucrats, businesses and politicians are described in several readings. Schlesinger emphasizes how politicians accepted donations from businesses, which sometimes were illegal, and used them in their election campaigns. Pempel shows how some bureaucracies, such as Construction and Agriculture, were utilized by politicians to provide pork to the electorate, whereas ministries such as MOF and MITI provided counterweight influences aimed at holding down budgetary expenditures and promoting national productivity. Integrative forces in this triangle were the Policy Affairs Research Council (PARC) of the LDP with committees covering each important policy field, and the regular meetings of the vice-ministers of the ministries. Richard Katz describes how public works, farm subsidies and quasi-state enterprises represent vested interests. Espen Moe shows the political effects of cooperation in the iron triangle in the energy sector, encompassing, most importantly, the bureaucracy METI, the LDP and the electric utility companies and the federation of such companies, Denjiren. In this triangle, vested interests in business accumulate economic and political power and influence, securing regulations and institutional arrangements that fit their own interests. The three corners of this triangle depend on each other, as described in the course presentation by Espen Moe. The bureaucracy drafts legislation for the LDP, whereas the LDP appoints ministers who head the bureaucracies. The bureaucrats have the authority to regulate and promote certain businesses, whereas businesses sometimes hire bureaucrats, who have an early retirement age. The LDP depends on business for donations, and business depends on the legislation that the LDP adopts.

One description of the cooperation between government and businesses to ensure that businesses acquire technology is given in the extract from Samuels' "Rich Nation Strong Army" and one is given in Moe's book chapter.

According to Samuels, the Ministry of Engineering, established in 1870, followed a policy of *shokusan kougyou* (nurturing and building industry). Early priorities included railroad, mine and shipyard development for the military. To ensure that the businesses acquired technology, the government would lease and transfer new machinery and establish and then privatize exemplary state-owned factories. Government has used the three measures of indigenization, diffusion and nurturance, which have been described above.

Moe shows how the parties in the iron triangle have influenced the choice of technology in the energy sector in Japan. Nuclear power technology has received high priority. Solar power technology has received higher priority than wind power technology.

Nuclear power has been supported by the utility companies and MITI (later reorganized into METI). The utility companies have been a major funder of the LDP, which has been largely supportive of nuclear power technology. Solar power received more support than wind power because of path-dependencies (solar energy had been used for cooking before), it was a commercial strategy (MITI saw possibilities for export of PV technology) and no changes needed to be made to connect the power resource to the electrical grid, thereby not challenging vested interests. In 1993, with 20 years of funding but no commercialization, MITI was able to argue that the budget for solar energy should be increased. In this way, solar has benefitted from being on the inside of the vested interest structure.

The DPJ tried to break up the iron triangle and introduce a feed-in-tariff (FIT) for all renewables when it gained power in 2009. However, this attempt was preempted by METI, which introduced a FIT for solar power exceeding the producer's own consumption only. After the LDP's return to power in 2012, there has been a backslide in the support for renewable sources of energy.

Technology policy has influenced Japanese foreign policy in various ways. As Japan has an advanced economy, Japanese security interests have included maintaining techno-economic security, in addition to traditional security interests, according to Richard Samuels. As Samuels argues, the US-Japan alliance is one channel through which Japan has acquired technology. Further, Japanese companies have been stimulated to cooperate with East Asian neighbors. This is seen in the cooperation between electronics companies to promote open source operating systems for computers, a cooperation that has received some support from the Japanese Cabinet. A bilateral agreement established when the Norwegian prime minister visited Japan in 2003 forms the basis for cooperation between Norway and Japan in science and technology.

Richard Samuels describes several positive aspects of the cooperation between the Japanese government and businesses about technology. This cooperation has contributed to the building of a technologically advanced, competitive economy that sustains a high level of welfare. Further, Japan has achieved sharing of technology across the civilian-military divide.

One negative aspect of this cooperation is that the influence of vested interests on the choice of energy technology occasionally has been so strong as to override a comprehensive assessment of what would benefit society as a whole. These aspects are described in the chapter by Espen Moe.