The Rise and Fall of Japan’s Liberal Democratic Party

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The summer 2009 electoral victory of the opposition Democratic Party of Japan (DPJ) over the long-ruling Liberal Democratic Party (LDP) holds historical significance, not only for political scientists but also for the people of Japan, and possibly for the country’s Asian neighbors and the United States as well. The LDP can boast of being the most successful political party operating in a democracy since the mid-twentieth century. The party held power nearly continuously from its formation in 1955, a scant three years after the end of the U.S. occupation. In the House of Representatives (the lower but substantially more powerful house in Japan’s bicameral system), the LDP compiled an amazing record: the party did not lose a single election in more than a half century, until August 30, 2009, when the Democracy Party of Japan won a stunning upset victory.

Generations of Japanese have grown up knowing no governing party other than the LDP. The only interruption to the party’s rule was a brief ten-month period in 1993–94, when a small group split from the LDP to seize power as part of a disparate coalition that did little more than pass an electoral reform bill before falling apart. Much more significant than that episode, this electoral result seems likely to have important implications for the way in which Japan’s democracy works. Nearly 60 percent of LDP incumbents were turned out, and many sitting and former ministers, even a former prime minister, lost their seats. For the DPJ, on the other hand, election night brought only smiles. The party captured an amazing 308 of the 480 seats in the Diet—an all-time record—and only seven DPJ district candidates did not find their way into the Diet. The DPJ more than doubled the LDP’s 119 seats.

What makes this election result even more surprising is that in the last House of Representatives election in 2005, the LDP engineered its greatest triumph
ever, earning a stunning two-thirds supermajority. How could the LDP go from riches to rags in such a short span?

We will briefly review the LDP’s rule in order to set the stage for what we can expect to change now that the DPJ is in power, and provide some recent context to explain why the LDP lost so big in 2009.²

**Half an Eternity of LDP Rule: 1955–2009**

The LDP presided over Japan’s early postwar poverty and then its economic “miracle” from the 1960s to the 1980s; the 1980s “bubble” and subsequent recovery; a huge pollution crisis in the 1970s that made Japan the most polluted nation on earth, and then a successful environmental movement that led it to pass the strictest environmental legislation in the industrialized world; the Cold War and the end of the Cold War; cycles of conservative fiscal policy and massive government debt; and highly unpopular leaders and hugely popular leaders. It even survived for a decade and a half after an electoral reform that was designed to end its control over government.

As a popular saying once went, it seemed the party would rule Japan for “half an eternity.” Of the “uncommon democracies” ruled by parties for twenty or more years—Japan, Sweden, Italy, and Israel—by 2009, only the LDP was left.³ How did the LDP manage to stay in power for so long? Why has it finally lost power, just a few years after its great electoral success? And what will the LDP’s loss of power mean for Japan and the world?

**The ’55 System**

Journalists and academics have referred to the period from 1955 to 1993 as “the ’55 System.” During these years, the LDP was the dominant party, but at the same time, it was decentralized and fragmented, had weak prime ministerial leadership, shared policy-making influence with the elite national bureaucracy, and was confronted by the main opposition party, the leftist Japan Socialist Party (an early rival, but by the 1980s, not a threat to power). During this period, Japan had a single nontransferable vote multimember district electoral system. This sounds more complicated than it is. Essentially, it meant that each voter cast one vote for one candidate—just like U.S. voters—but each district elected multiple representatives. It worked in the same way as the U.S. congressional electoral system, but instead of one winner in each district, the top three,

²In 1993, the LDP “won” the election, in the sense that it won by far the most seats of any party and returned almost all incumbents—even if it did not go on to form a government because almost all the opposition parties unprecedentedly united in an unwieldy coalition that soon splintered.

four, or five vote getters were elected as well, depending on how many seats were allocated to a particular district (based on population).

Under these conditions, many factors helped keep the LDP in power, even though the party was not terribly popular with a majority of the deeply politically divided Japanese. Indeed, the LDP’s vote share declined monotonically from 1955 until 1980, but the splintering of the opposition allowed the LDP to maintain a majority. In addition, the electoral playing field was not exactly equal: malapportioned districts allowed rural voters, who were generally strong supporters of the LDP, to give the party more seats than it otherwise might have received.

Other factors played a role as well. As Ethan Scheiner has pointed out, Japan’s fiscal centralization and unitary state encouraged clientelistic relationships, which the LDP took full advantage of in order to mobilize support. Competing LDP representatives in each district developed patron–client relationships with local assembly politicians and served as “pipelines” to bring pork-barrel benefits to local voters, especially to conservative bastions in rural areas. The LDP also developed relationships with powerful support groups that generated votes for the party: postmasters (influential in rural communities), farmers, and construction workers.

The elite national bureaucracy implemented industrial policies that facilitated rapid economic growth after the 1960s and created affluence, employment, and surplus expenditures that could be distributed through these networks. With low crime and unemployment rates, and with ever-increasing collective and individual goodies sent down the political pipeline, the LDP seemed a good bet for many Japanese to entrust their government to.

The Organization of the LDP: The Good and the Bad

The LDP’s organization developed in a way that allowed the party to take advantage of these political conditions, and for years, the LDP flourished. But by the 2000s, the downside of the party’s organization had become apparent: these institutions had turned into handicaps, putting the brakes on the party’s attempts to compete in the twenty-first century—when image and policy matter, and voters increasingly are detached from political loyalties.

Three features defined the LDP’s organization: (1) candidate-centered personal support organizations, called kôenkai, instead of party branches; (2) formal and exclusive factions of legislators; and (3) a main policy-formulating body, the Policy Affairs Research Council (PARC), that stood outside the legislature. Many LDP legislators now view these structures as the cause of the 2009 election catastrophe.

Although Japan’s government should have functioned as a centralized Westminster-style system, with a strong prime minister, top-down cabinet government and policy making, and votes mobilized by party image and policy stances, in reality, it was anything but. Much of the vote was mobilized by candidates through кёэнкаи, organizations in local districts that provided recreational activities and personal favors to constituents. Voters tended to support candidates in return for these benefits, or for the candidate’s personal appeal or ability to bring pork to local districts.

The LDP fragmented into five major and several other minor factions, whose existence had little to do with policy differences. Diet members loyally supported their leader in their quest to become prime minister. These members recruited and maintained the loyalty of individual representatives by helping them get nominations for their candidacies, obtain funds to maintain their кёэнкаи and continue their electoral campaigning, and secure key appointments to party, parliamentary, and government positions. The latter were all determined by seniority in the faction, not by age.

Some of the key positions provided were on the PARC, the party organ through which all legislative bills had to pass before being sent to the Diet. Long service on the specialized policy divisions and committees of that body provided expertise and contacts that allowed representatives to become influential brokers and gatekeepers for policies in that area, which, in turn, helped them gain more votes in their districts and funds from interest groups.

As vote gathering, distribution of offices, and policy making were all decentralized, and the cabinet was chosen by factional proportionality, the prime minister was a relatively weak leader. The government was distinguished by collective rather than individual leadership, and policy making was a bottom-up rather than a top-down process. Some political scientists attribute these characteristics of the LDP solely to the incentives of the single nontransferable vote electoral system and intraparty competition. Although the electoral system did provide some motivation for this unusual organization, internal party rivalry and conflict, sequences of decisions made by political entrepreneurs, and systematic organizational processes may have been as important.

These organizational structures had many downsides. Кёэнкаи cost huge amounts of money, as did the maintenance of factions and close relationships with politicians, bureaucrats, and interest groups. Over time, these relationships bred structural corruption. When a series of scandals from the mid-1970s to the late 1980s reached as high as a former prime minister (Kakuei Tanaka) and a top LDP kingmaker (Shin Kanemaru), the public had had enough. “Reform” became the buzzword of the early 1990s. With the Cold War ideological cleavages a thing

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5Our forthcoming book advances novel arguments about the origin and development of кёэнкаи, PARC, and factions. Drawing on insights from historical institutionalism, we demonstrate the centrality of sequence, complementary institutions, and negative externalities to these institutions.
of the past and Japan mired in a deep economic recession, the LDP’s popularity sunk, and the party began to unravel. More than thirty LDP representatives split from the party in 1993 after it failed to pass electoral reform, forming smaller parties that joined with the opposition and thus setting the stage for the LDP’s loss of power. When this coalition broke up a year later, however, the LDP rose like the proverbial phoenix, and for fifteen more years, it continued to govern, albeit in coalition with smaller parties.

**WHY DID THE LDP FINALLY LOSE?**

Why did it all go wrong for the LDP in 2009? Four short-term and four long-term factors can be identified. In the short term, the LDP had to contend with a pension records debacle, poor campaigning and leadership from the prime minister, skillfully coordinated opposition at the district level, and a downturn in the business cycle. The long-term factors probably are more important to scholars, and thus we devote more time to them here. In this category, we include the loss of the LDP’s “safe” rural base, an electoral system that magnified the effects of vote swings, volatile voters, and—perhaps most important—the failure of the LDP organization to adapt after the long successes of the ‘55 System.

In 2007, the public became incensed when it came to light that the bureaucracy had lost an estimated 50 million pension records. The LDP lost the 2007 House of Councilors election in no small part because of this fiasco, and lingering anger undoubtedly soured the 2009 House of Representatives campaign for the party. Neither Prime Minister Shinzo Abe in 2007 nor Taro Aso in 2009 was a strong campaigner for the party, and their unpopularity was another albatross around LDP candidates’ necks. In 2009, too, the DPJ skillfully coordinated its campaigns with the opposition parties, including the Social Democratic Party of Japan (the erstwhile Japan Socialist Party), the People’s New Party, Your Party, and even the Japanese Communist Party. This prevented the opposition from splintering its votes among rival candidates, instead unifying them behind the strongest candidate in an effort to overthrow the LDP.

Turning to long-term causes, one result that stands out is the LDP’s defeat in rural areas. For those who stopped following Japanese politics in the 1990s, it must seem astounding that the LDP could lose in the countryside. After all, decades of LDP majorities had been built by winning solidly in rural areas, while staying more or less competitive in the suburbs and cities. In 2009, however, the DPJ beat the LDP in the most rural quarter of the country—winning thirty-five seats to the LDP’s thirty-three.\(^6\) The loss is attributable to several factors. First, Prime Minister Jun’ichirō Koizumi (in office from 2001

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\(^6\)We thank Ethan Scheiner for providing this data and analysis.
to 2006) did much to break up the old LDP machine of postmasters, construction, and farmers’ groups. After the postal privatization of 2005, postmasters actively turned against the LDP, while cuts in spending demobilized the party’s construction allies. The DPJ captured the farm vote by promising even greater subsidies than the LDP, which was hamstrung by the need to make concessions in multilateral negotiations, such as those with the World Trade Organization. The widening economic gap in Japanese society (kakusa shakai) hurt rural areas and fostered their willingness to turn to the DPJ. The LDP lost important allies in local government because of municipal mergers, which reduced 3,232 local governments in 1999 to 1,821 in 2006. Shrinking the number of local governments meant shrinking the number of local politicians—mayors, local assembly, and so on—who had turned out the LDP vote in years past.

One consequence of Japan’s single nontransferable vote electoral system was that electoral results translated votes into seats roughly proportionally. In 1993, however, Japan adopted a new electoral system that combined single-member districts—the winner-take-all system employed in the United States—with a proportional representation tier. Because most seats (300 out of 480) are located in single-member districts, and the two tiers are not linked by any formula, Japan now has a much more majoritarian system. Under this system, much smaller vote swings translate into large shifts in seats. So, although the DPJ increased its share of the district vote only by about 12 percent, it more than quadrupled its number of seats—from fewer than 20 percent to 74 percent.

Another story of this election is Japan’s increasingly unsettled electorate. American voters are used to discussions of “swing” voters, who support different parties in succeeding elections. In Japan, the preferred term is “floating” voter, indicating a lack of firm connection to a party. In the past two decades, voters have become increasingly amenable to channeling their votes through social networks and kōenkai. Instead, they pick their party after soaking up media reports. As a result, their votes are much less predictable from election to election. They vote based on party label, leadership image, and policy concerns rather than lasting identification with any political party or social connections.

The LDP never figured out how to win the votes of these increasingly influential floating voters, and its failure to adapt to this new electoral reality underlies its fall from power. Although the LDP shifted the composition of its cabinet to be more appealing to voters, it did not reconfigure its basic party organization in order to succeed in an electoral environment populated by floating voters and colored by the powerful influence of mass media. Instead, factions, the PARC, and kōenkai continued to constitute the fundamental building blocks of the party.

Although the new electoral system reduced the number of LDP candidates in a district (to one), factions persisted. With only one representative per district, the factions’ influence on nomination was undercut, and a new campaign finance law destroyed their funding function. All that remained was factions’ control over
appointment to positions. This was enough to keep them in existence,\(^7\) but with
the other functions undermined, factions had less influence over and loyalty from
their members. Today, faction leaders can no longer count on all of their
members’ support in party presidential elections. Weakened factions also
meant the potential for greater prime ministerial influence. Indeed, Prime
Minister Koizumi ended the practice of appointing cabinet members by factional
proportionality, giving the prime minister more control over and in the cabinet.

Other aspects of the new electoral system reinforced prime ministerial lea-
dership. With one representative per district in single-member districts and
the proportional representation tiers voting for the party, the image of the
party and the party leader became much more important in voter decisions.

This electoral reform combined with another long-running transformation
that had begun decades before: the rising influence of television in politics.
Beginning in the early to mid-1980s, a few political leaders finally discovered
that their television image could be useful in gaining support. Under the old
electoral system, which emphasized personal loyalty to candidates, this had
only limited consequence for party support. Now, however, the enhanced influ-
ence of the party’s and party leader’s image multiplied the importance of the
former and gave the party leader greater resources. Administrative reforms
that took effect in 2001 gave the Cabinet Office and the prime minister more
influence in the policy-making process.

One of the greatest changes brought by the electoral reform, however, was a
change in the environment for party competition. The single-member district tier
and its one representative per district gave strong incentives for smaller parties to
unite in order to gain pluralities in local districts, and for electoral competition
based on policy differences. After a bewildering sequence of splits and recombi-
nations, the main opposition party to emerge was the Democratic Party of Japan.
In the 2003 lower house election, the DPJ pioneered party “manifestos,” which
soon became required for all parties, and won more seats than the LDP in the
proportional representation tier. For the first time in the postwar era, an opposi-
tion party with pragmatic centrist views challenged the LDP in an environment in
which voters cared more about policy than they had under the ’55 System.

The electoral reform, however, did not change other ’55 System aspects of
politics; indeed, it reinforced them. For example, kôenkai retained their value
to candidates even under the new single-member district tier. Party and party
image still were not enough to gain the largest plurality in local districts, so per-
sonal votes remained important. Indeed, now that the proportion of the vote in

\(^7\)This is because of “negative externalities,” meaning that a Diet member loses out by not joining a
faction—and loses out incrementally more when more of his or her colleagues are in a faction. For a
fuller discussion, see Krauss and Pekkanen, forthcoming; see also Ellis S. Krauss and Robert
Pekkanen, “Explaining Party Adaptation to Electoral Reform: The Discreet Charm of the
the single-member districts determined whether a losing candidate could be revived as a “zombie” winner under proportional representation, mobilizing the personal vote through kōenkai became an even more valuable asset to LDP politicians. The reform also did not fundamentally change the PARC and the influence of veteran policy experts there.

The contradictory effects of these reforms and changes came to a head under Prime Minister Koizumi. He was thrust into office in 2001 by a rebellion of local party branch leaders against the prospect of losing an upper house election because of the profound unpopularity of the incumbent Prime Minister Yoshirō Mori. Koizumi was an economic and political reformist who stood against the LDP more than the opposition parties, and more in support of voters’ passion for political and economic change than for his own party’s prior principles and record.

After a few years of having economic reforms in some policy areas watered down by resistance from veteran experts in the PARC, Koizumi confronted the “resistance forces” within the LDP over his pet policy project, the privatization of postal services. When they defected on the vote, preventing its passage in the upper house, he threw lower house resisters out of the party and called a lower house election in September 2005. Focusing on postal reform almost exclusively and the need for change in the LDP during the campaign, and leveraging his popular television image, Koizumi won an overwhelming victory as urban voters defected to the LDP. The LDP won a majority of 60 percent, its greatest electoral victory ever, and Koizumi’s postal reform package passed easily. Koizumi was the first postreform prime minister to realize and take advantage of the party’s dependence on its leader to win elections and the new resources the changes gave the party leader.

After Koizumi stepped down as prime minister in 2006, however, everything fell apart for the LDP. Three prime ministers, Abe, Yasuo Fukuda, and Aso, squandered Koizumi’s legacy. Abe switched focus to foreign and security issues and away from domestic policy, and he appeared to backtrack on reform by allowing eleven former “rebels” on postal privatization reform back into the party. His cabinet appointees suffered from a series of financial and bureaucratic scandals, tainting his administration with the prospect of a return to ‘55 System. After his precipitous resignation after a year in office, his successor, Fukuda, a flexible and well-meaning son of a former prime minister, tried to reverse the LDP’s slide, but also ignored reform policy and projected a hopelessly insecure and boring television image. Aso was much more charming and energetic on television, but he was unable to control or unite internal party forces and factions, seemed even more antireform than his two predecessors, and could not find an issue or policy to focus on. He also struggled with the upper house, which after the 2007 election was controlled by the opposition DPJ for the first time, reflecting increasing voter disgust with LDP rule.

The problem was not just that these three prime ministers seemed incompetent in picking up Koizumi’s mantle. They were; but none of this would have
mattered under the ’55 System, in which media-challenged, scandal-ridden, and incompetent prime ministers never undermined the LDP enough to push it from power. The structural changes elaborated here underlay these leaders’ problems. Now with party leader image and television mattering so much more, the LDP could no longer afford mediocre and relatively unpopular leadership.

Even more deeply, the LDP became ensnared in contradictions that emerged from its partial adaptation to the new era. For twenty years, the public had wanted change in the tight party/bureaucracy/interest group triangle that had governed Japan under the ’55 System. They wanted cleaner politics, and a party that could clearly enunciate policies to lead it. Koizumi provided these in his capacity to draw together the new resources that electoral and administrative reform and the television era provided. But this also created intraparty conflict as the old forces of resistance to change still had enough power within the factions and PARC to push back after his departure, especially when subsequent leaders did not have a popular base of support to draw on. The more his successors caved in to the intransigents, the more the LDP seemed to retreat to its prereform ways, and the more unpopular it became among urban reform-minded voters.

On the other hand, Koizumi’s economic reform policies, which cut back on wasteful pork-barrel expenditures, also hurt the party in the long run. Koizumi sacrificed the party’s loyal rural base in 2005 in order to win urban votes. By 2009, rural voters were deserting the LDP in droves. Urban votes are more numerous, but more fickle. Without the charisma and showmanship of Koizumi at the helm, without his emphasis on reform policies, and held back by the organizational legacies of the past, the LDP simply could not attract urban voters in this age of media and independent voters. The LDP finally became caught in its own paradox, a result of its halfway move to become more centralized and modern after the reforms of the 1990s. In the new environment, it needed to appeal on policy grounds and party leader image to the urban independent voters who craved and responded to reform and that Koizumi managed to capture. Yet to hold on to its traditional base of support especially in rural areas, and to keep party unity in the face of the continuing influence of factions and veteran PARC pork-barrel policy specialists, it had to cling to the policies of the past, the very policies that urban voters rejected. In the end, this halfway transformation wound up alienating voters of all stripes.

**What Does the Election of 2009 Mean?**

The most important change that the DPJ is quite likely to carry out is to challenge the preeminence of the elite bureaucracy. The centerpiece of the party’s campaign was to stress putting policy-making power and responsibility squarely in the hands of politicians. If it follows through, we can expect more overt diminution of bureaucratic influence on policy, a trend that has been going on under
the surface for some time. Of course, bureaucrats read the newspapers too, and they know what the DPJ has been saying. It remains to be seen whether they will quietly go along or whether they will find ways to torpedo the DPJ’s policies. Perhaps more significantly, it remains to be seen whether the gains from a politician-controlled process will outweigh the demoralization and sidelining of the elite national bureaucracy, particularly as Japan’s politicians lack resources available elsewhere, such as skilled policy staff and ready access to powerful think tanks.

Second, the DPJ does not have the baggage of the LDP’s extensive PARC policy-making apparatus—its leaders have been key in gaining policy consensus. There is the real possibility that the DPJ will be a much more top-down policy-making party. On the other hand, DPJ policies have not yet had to be internally consistent, and the mechanisms by which leaders will be able to gain a policy consensus within the party is unclear. The DPJ made a point of having all members sign its manifesto, to be sure. But agreeing to an often vague statement of irreconcilable principles is dwarfed by the challenges of passing a budget in the current economic climate, and choosing among favored ideas and campaign promises.

Third, on economic policy, some members of the DPJ may be even more economically liberal than the LDP, and indeed, they may resemble Koizumi more in this regard than what the LDP did before and after him. The DPJ is not composed of market fundamentalists, however. It differs from them, and from Koizumi, in wanting to stimulate consumer demand. Many of its policies, such as subsidies for families with children, cutting the gasoline tax, and freeing toll roads, go in this direction. This policy seldom finds coherent expression as a philosophy, however, and the DPJ will also face enormous budgetary pressures.

Fourth, on foreign policy, although there are nationalist and very conservative members in the DPJ, the party is likely to deemphasize neo-nationalist issues, such as having its leaders visit the controversial Yasukuni Shrine. We can expect better relations for Japan with its East Asian neighbors. The DPJ’s call for a more equal relationship with its military ally, the United States, have caused some nervous flutters in Washington. It is unknown whether these will amount to anything or whether they will be sidelined as the DPJ focuses on its domestic agenda, although excitement surrounding the run-up to the fiftieth anniversary of the U.S.–Japan Security Treaty signing could force the issue.

This brings us to the most significant consequence of the 2009 election: alternation of power. More than any policies that the DPJ may or may not implement, the fact that the opposition became the government matters. The shift in power brings a concomitant and irreversible shift in party–bureaucrat and party–interest group relations; the game is new. Voters, too, awoke on August 31 to their own power to make and break governments. Do not expect another “half an eternity” of DPJ rule. The Japanese electorate will surely kick the DPJ out if it disappoints.
More importantly, the forces that the DPJ rode to victory, the demolished rural base, liberated support groups, floating voters, magnified electoral swings, and more influential media preclude any but the most deluded DPJ partisans from dreaming of a half century in power.

What about the LDP? Will it break up, or fade into extinction? Those are certainly real possibilities, but it is more likely that the LDP will lick its wounds, and search for a path back to power while it discovers the joys of needling from the opposition. We believe that electoral defeat may provide an unprecedented stimulus for internal party reorganization. It would not be surprising to see a transformed and reinvigorated LDP come out swinging hard in the next election. It may spend a few election cycles in the wilderness, but unless it breaks up or another new party emerges to supplant it, the LDP’s eventual return to power is likely. The very forces that unleashed the DPJ victory and thus transformed Japan in this historic election may guarantee it.