Wounded Despot

Although he overreached on postal reform, the prime minister is right about the big picture

Prime Minister Junichiro Koizumi has been pushing for postal service reform for over two decades. On August 8, however, the Upper House of Parliament voted 125 to 108 against privatizing the postal system. In response, Koizumi dissolved the Lower House of Parliament and called for a general election on September 11.

Always known for his "top-down" style, Koizumi’s recent erratic, almost despotical behavior may represent the terminal phase of his premiership. Article Seven of the Japanese Constitution can be interpreted to endow the cabinet with substantial discretionary power to dissolve the Lower House; however, many observers find it extraordinary that the prime minister actually did so because of the rejection of bills in the Upper House.

In addition, Koizumi beat to snuff those representatives of his own party who voted against the postal service privatization bill. Invoking his authority as Liberal Democratic Party President, he refused to recognize those representatives as official LDP candidates. In effect, Koizumi has exorcised his most vocal opponents in the LDP, retaliating against anyone, even his own party members, who opposes his opinions.

Power corrupts, and Koizumi is abusing his power. Once leaders begin to exercise their authority brazenly, they unwittingly begin to lose the hearts and minds of the people they govern. But even though the prime minister's methods are heavy-handed, I wholly support his small-government orientation.

With a 70-80 percent approval rating early in his administration, Koizumi was one of the most popular prime ministers in Japanese history. Over time, as his cabinet's novelty and vitality have declined, his own popularity has also gradually waned. Yet the prime minister was so intoxicated with his popularity he was convinced that he would be able to secure support by presenting a dichotomous choice: either for or against postal service privatization.

The move has provided him with a short-term boost. According to a Mainichi Shimbun survey, the approval rate for the Koizumi cabinet rose to 51 percent after the dissolution of the Lower House, up
14 points compared to mid-July. Another poll indicated that support for the prime minister had jumped to 57.2 percent. Despite these numbers, however, Koizumi could no longer carry all his own party members, including the cabinet, along with him. Although the coalition of the LDP and Komeito may win the majority of seats in the election, both the people and his own party members would most likely decide to dump Koizumi and take back the wayward members after the election.

From the moment he took office in April 2001, Koizumi created a stir by pursuing a "large-boned" policy: implementing structural reforms to realize smaller, but more efficient government. This promised a radical break from Japan's postwar political culture. Following World War II, the country was plagued by hyperinflation, food shortages, disease and homelessness. A general sense of despondency prevailed. The government rapidly spread its influence in economic fields in order to manage and lead economic growth. It also, through public sector management of the market economy, tried to minimize the disparity between rich and poor, selling the myth that everyone belonged to the middle class.

Koizumi debunked this myth. He pushed forward his structural reforms, which included the privatization of government-affiliated public corporations, bad-debt disposal, and the transfer of power and tax revenue sources to local governments. And the prime minister regards postal service privatization as the core of these efforts. Japan Post has ¥330 trillion ($2.946 trillion) in savings and insurance deposits, and this money has financed a large number of massive public-works projects that have contributed to the financial conditions for stable economic growth in the postwar period. Not coincidentally, the network of 400,000 postal-system workers has long proved a bastion of support for the LDP.

Unlike other institutions, though, the postal service is prohibited from making risky investments to the private sector; instead, its monies can only be channeled into low-risk entities such as government bonds. This is the source of deep-rooted collusion between the LDP and the postal service. The government's ease in borrowing on the cheap from Japan Post has also been the major obstacle to economic deregulation of the economy.

Koizumi's reforms, if achieved, might stratify Japanese society to some extent, but they would also revitalize it. Indeed, the outcomes that people experience in their lives are inherently unequal. When government artificially tries to rectify this situation, its authority and its spending become bloated, while people become dependent and society loses its vitality.

After experiencing a decade of miserable economic performance and political instability in the 1990s, the Japanese people have come to accept that fundamental political reform is unavoidable. Koizumi has been extremely sensitive to this change in the public mood, and has tried to stay in the vanguard of popular sentiment. As long as he identifies himself with that sentiment, he can serve as an effective leader. But Koizumi is finding that even though readily wielding power may boost his popularity in the short run, people have already begun to balk at his abuses. Regardless of the outcome of the election—and no matter how fundamentally correct he is in his goals—Koizumi is already limping.

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