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The 2005 Regime  
Toward Regime Transition in Japan and  
a new Agenda for Progressive Governance

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**The 2005 Regime**  
**Toward Regime Transition in Japan and**  
**a new Agenda for Progressive Governance**

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### 1. Introduction

I have two arguments taken over from the following topics in this paper.

First, this thesis succeeds the theme “Globalization and Political Innovation” in Tokyo Forum in April 2002 (Takagi,2003) . It focuses on the result of the globally discussion, which argued in the concept of “modernization of Social Democracy” or “Progressive Governance”(Giddens 1998,2000, 2002, Kelly 1999, Meyer 1998, 2001, Cupers 1998, 2001, Dittke 1998, Progressive Politics 2003, Faux 2001,Sumizawa 2002) in the forum, in context with Japanese real politics.

Second, this paper follows Yagi’s point in his thesis, “Social Democracy and Liberalism in the 20<sup>th</sup> century Japan,” which was presented in second session, “Reflection on Social Democracy in the 20<sup>th</sup> Century and its Future” in this forum. But, it also shows the different view from Yagi’s argument.

Yagi’s paper attempts to analyze Japanese socialism throughout the whole 20<sup>th</sup> century, which has never been examined by Japanese scholars. He explores the 20<sup>th</sup> Japanese Social Democracy in relation with socialism and liberalism. From “the Declaration of Social Democracy”, which was generated from the link between Socialism and “ziyu minken undo”(the Movement for Civil Rights and Freedom in the 1880s) caused by Shusui KOTOKU, Toshihiko SAKAI and Isoo ABE in 1901 to the resignation of Murayama Coalition Government of Socialist Party of Japan(SPJ) and Liberal Democratic Party(LDP) in 1996, Socialism is analyzed in a consistent way in his paper.

However, this paper tries to make an argument against two strategy models of future social democracy in Japan that Yagi suggested, which are social corporative strategy and civil society Strategy. Although these models had some appeal, they were already appeared and doomed to failure from 1985 to 1996 so that they were not for the strategy of 21<sup>st</sup> century. The reason why they had turned down

is that Social Democracy did not hold enough power to make them come true. Further more, it was the time that “the 1955 Regime” was beginning to dismantle, but not that new one was constructed. Civil society strategy itself even applies to the plot of the long-term new political culture of citizen, and relates with the idea of public and social-family life governance.

There are three essential points in this paper.

First, the aim of political reform in the 1990s was to form contrary positions between government and opposition in regard to basic policies (for example conservative-market party and welfare state party) and to establish a “democracy with change of government” (the change of government as aim). But it was not appropriate. A true problem of political reform should be to establish a new political regime (the change of regime as aim). This paper examines the characteristic of the old 1955 Regime, the analysis of the process of its collapse and the process of reorganization of political parties in “the lost decade” in order to support the view of “change of regime”.

Second, “the 2005 Regime” as a new visional regime could be institutionalized both by a new catch-all party, the Democratic Party of Japan (DPJ) and the league of several powerful governors, who emphasize the devolution of the Japanese centralized state under the 1955 regime. It is a “cooperative conflicts regime”<sup>1</sup> between DPJ on the national side and the league of reform-conscious governors on the regional side. It is not discussed now, whether the House of Councilors should be reformed to the House of Regional Representative under the new regime.

Democratic Party consolidated other parties with different policies over three periods. The only common position of member of the DPJ is to challenge the 1955 regime. Thus it is self-evident, that there are conflicts over the policies on national security, deregulation and welfare state in it. Democratic Party should break through with suggesting a new regime and cooperating with the governor league.

Third, it is contingent in many points about the institutions of “the 2005 Regime,” in regard to future of society, the status of Japan in Regional East Asia and in the world etc. “The 1955 Regime” is defined not only through predominance of economic bureaucracy and interest groups of industry and LDP organization,

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<sup>1</sup> about the concept of “cooperative conflicts” see ; Amartya Sen, Gender and Cooperative Conflicts, in: Tinker, I (ed.) Persistent Inequality: Women and World Development, Oxford University Press, 1990, 123-149,

but also through a national consensus about “pacifism” and “belief on economic growth” as compensation of damaged nationalism.

“The 2005 Regime” will be achieved supposing the matured and modernized civil society. Under this condition, the new regime should create the economic and social structure, in which the increasing inequality between regions in Japan under the open economy will be regulated with citizen’s participation and without infringing on ideas of equality and social justice. Moreover, a regime is supposed to propose the policies on corporation governance, civil autonomy, decentralization of power, together-living with environment, the formation of the global governance etc. These policies are in common with the themes of the modern social democracy or progressive governance. It is the key point to accomplish “the 2005 Regime” that matches its basic ideas and principles with the values and policies of those progressive political parties.

This paper will explain the completion of “the 1955 regime” and the negative integration of social democracy (in the 1960s and 70s) in the second chapter. In the third chapter, it will deal with the reconstruction of “the 1955 Regime” and the unsuccessful reception of European social democracy (the late 1970s to 1996). In the fourth chapter, it will demonstrate the end of the cold war and dismantling of “The 1955 Regime” caused by globalization and burst of bubble economy, and in fifth chapter, show political strategies to form the new Japanese 2005 regime.

## **2. Completion of the 1955 Regime and the negative integration of Japanese Social Democracy**

### **(1) The definition of “the 1955 Regime”**

In 1955, the era of postwar economic reconstruction ended, and the party system became stabilized. The conservative parties united into one political power: the LDP. The relative small socialist parties joined also politically: the SPJ. Therefore, the 1955 system is generally defined as the LDP predominant two party system (Nihon Seizi Gakkai 1996).

The following shows its characteristics.

#### **(a) There are basic confrontation between the political right around the LDP and the political left around the SPJ and Communists.**

The former supports for amendment of the Constitution and the U.S.-Japan Security Treaty. The latter advocates protection of the Constitution (especially the Article 9) and against the U.S.-Japan Security Treaty. In short, the key factor of this

battle (caused mainly by LDP and SPJ) is ideological differences.

**(b) This is a one-party predominant model without the change of political power.**

The ratio of the LDP member of Diet to the SPJ member is continuously two to one. However, since the late 1980s, the 1955 system has been argued as postwar political and economical system inclusive of centralistic bureaucracy on the whole. The postwar system yielded the mutual triangle relations of politics, bureaucracy and industry, and in fact, the reorganization of only the political system have not resolved the “Japan problems” in later 80s and early 90s. Truly the political reform since 1993 leads to the emergency of populism after a lapse of ten years (Otake 2003, Omae 2003). Therefore I define the Japanese postwar political and economical system as “the 1955 Regime” but not as “the 1955 party system” in this paper, and examines it.

**(2) concept of regime in political science**

In political science, a regime is defines as

- (1) an framework of the international politics such as the regime of currency (Muramatu 2001),
- (2) theory of political institutions in comparative politics or democracy theory with system transition such as dictatorship, authoritarian and liberal democratic regimes (Przeworski 2000 ),
- (3) a classification of liberal democracy such as pluralism or neo-corporatism theory, in particular to shape an institutional model in policy-making and policy-decision in relation with bureaucratic and industrial organizations (Yamaguchi 1989) .

This thesis will demonstrate “the 2005 Regime” based on the range of definition (3). However it is also important to analyze a change of regime : **politics of regime transition** in liberal democracy, in which the framework of political action and power is restructured drastically, by showing the Italian case(Magara 1998). This thesis will examine Japanese modern politics from the view of the regime transition

**(3)two presupposition to the politics of regime transition in Japan**

It is necessity of two presuppositions to discuss about the change of regime in Japan.

First, in the twentieth century, in general, the states intervened economics, thus liberalism was the social liberalism that differed from the ninetieth century. In particular, the postwar regime was based on the welfare state or “Keynesian welfare states” . Ralf Dahrendorf said, “twentieth century was the century of social

democracy” and the Japanese 1955 regime also took on the aspect of social democracy in this meaning.

Second, many political scientists pay attention to the variety of capitalism regime such as the German Rhein capitalism or the Japanese Lane model (Ronald Dore 2000) . Esping-Andersen classified regimes of the three welfare capitalism, based on de-commodification and de-familization ( Esping-Andersen, 1999) .Although the Japanese model of the 1955 regime cannot provoke precise indicators, it were consist of the specific combination of liberal democratic regime and the postwar capitalism in Japan.

Tsuyoshi SASAKI, a prominent political scientist who was a member of the Committee for the Promotion of Political Reform in 1992 and promoted the reform of election system in 1993/94, demonstrates the 1955 regime as the below (Sasaki ,1995 ) .

**(a)The twentieth century-liberalism** (a redistribution policy for the middle class and a stable democracy)

**(b)From corporatism and planed economy** in the first 5 years after the war by the Economical Stabilization Board and Reconstruction Finance Cash Office **to the development of market economy** by the Dodge line. Labor and economic problems were regulated through the market mechanism and free enterprise system under the 1955 regime

**(c) But the rest of the 1940 system continued under the 1955 regime.** That is: wartime economy with National General Mobilization Law, an enterprise union, controlled bank and finance system, centralistic direct tax system etc,)

**(d)The by Diet uncontrolled finance resource**(fiscal investment and loan trough saving in post bank) **and expansion of bureaucratic control over industry and credit institute.**

#### **(4) Three aspects of social democracy in the 1955 regime**

The 1955 regime is the social-liberal regime like many western industrial countries. But, it was far from Swedish model of welfare states and not affected by the English Labor Party or the German Social Democracy. However, social democracy is “a hidden theme” of the 1955 regime.

#### **(a) integration of liberal socialists: a preceding figure, Hiromi Arisawa(1896-1988)**

Now, it will be examined by discussing on the position of a famous Rono-school Marxist Arisawa’s in the postwar social democracy. He was one of the central figures of founding of SPJ.

He organized “the priority production system” that concentrated the

resource on coal and steel in the stage of economic reconstruction. At this time, it was a plan economy with strong etatism. However, Japanese market economy became to stand on its own foot after the boom by Korean War. Now the cost reduction and improvement of productivity was very important. Arisawa became then the director of Japan Productivity Center established in 1955. SPJ took a critical attitude to this productivity movement, because it achieved profit for capitalist, SPJ claimed, and thus it was anti-worker policy(Nakagita 2000).

Arisawa and some members of his school worked after that on the position of growth of national economy in cooperation with government office. They were integrated in the 1955 regime. The another groups of Rono-school became more radical and promoted a class conflict theory against the capitalism in Japan. The latter was majority of SPJ and they were negative integrated in the 1955 regime, because they were not able to show the real alternative policies.

#### **(b)functional equivalence with European social democracy**

The completed 1955 regime is social democratic without labor influence nor social democrats. Its features are follows.

- Subsidy and regional tax allocation to local administration increased continuously in the postwar government budgets. The redistribution through tax was held under the “construction and engineering work state” rather than the welfare state(Zinno 1998. p.73). Above all, the bureaucracy connected with the Liberal Democratic Party as a distribution system of state finance to the regional public investment after high economic growth in the 1960s.

- Big Enterprises established the corporation welfare system such as corporation pensions in cooperation of capital and work in order to advance productivity under agreements with unions.

- In the beginning 1970s, the progressive big city governments and several urban prefecture governors, in which a coalition of SPJ and CPJ won majority votes, strengthened the welfare system such as free medical treatment for aged on the level of local government. The LDP government and the Ministry of Welfare tried to win back votes in the urban area through the promotion of social insurance and welfare services.

#### **(c)two poles of anti-reformism and anti-communism**

The 1955 regime was established during the Cold War, and also Socialists and Social Democrats inside and outside of SPJ were strongly affected by Soviet's and China's Communisms in East Asia. The postwar progressive power, SPJ and SOHYO (General Council of Trade Unions of Japan) criticized the western social democracy



because it was Reformism and opportunism (Shinkawa 1999).

On the one hand, the left socialists of Rono-school used to have been theoretically very influential in SPJ and refused the European social democracy (Society for Socialism by **Ikurou Sakisaka**).

On the other hand, the right socialists left SPJ in 1960 and established Democratic Socialist Party (DSP).

**Eijiro KAWAI** (1891~1944) was prewar social-liberalist and scholar of social policy. He participated in the funeral of E. Bernstein in Berlin and received the social reform theory of Fabian Society. He was decisively anti-Marxism and anti-Fascism. But his pupils in postwar understood European social democracy primary as anti-communism (Society for democratic socialism by **Masamiti Inoki** and **Yoshihiko Seki**). DSP and DOMEI (Japan Confederation of Labor), stayed relatively weak in the 1955 regime.

The postwar progressive power of SPJ and SOHYO would have had a chance to become the dominant party if they would have tried to reform the 1955 regime toward democratic welfare state through constitutional policy for system transition, which Hermann Heller in Germany of the Weimar term tried to theorize under the concept of social constitutional state. However, SPJ gave priority only the protection of the Article 9 of the Constitution of Japan.

It is important that both SPJ/SOHYO and DSP/DOMEI were finally integrated in the 1955 regime as a protest party or right of center party and supported it complementarily.

### **3. Reorganization of the 1955 Regime and renewal of Japanese Social Democracy in the 1980s.**

#### **(1) Social Democrats, who tried to break through the 1955 regime**

I refer to three social democrats, who sought strategy to change the regime: **Saburo EDA**, a politician, **Keiichi MATSUSHITA**, a political scientist, and **Shinzou SHIMIZU**, former general secretary of Japan Federation of Steel Worker's Union and the author of "Japanese Social Democracy."

(a) **Saburo Eda** (1907-1977) was a politician committed the prewar farmer movement. In 1962, he, as a general secretary of JSP, declared "the Vision of Socialism" based on the structure reform theory that follows the peaceful reform strategy of the Italian Communist Party, and aimed to reform SPJ, which fit economical growth into the mass social age. However, he lost the conflict with the

left wing of SPJ, which made “the road to Socialism in Japan” (1964) in the party.

Eda's structure reform strategy stemmed from the argument of the Euro-communism, but not from the contemporary western social democracy. As Yagi points out, Eda advocated the middle road of the coalition of SDJ, DSP and Komei Party, and in 1978 organized Social-Democratic Union, in which young **Naoto KANN** conceived a new urban politics for civil society. “Modern Theory” (Gendai no Riron) that a famous social democrats **Jinbei ANDO** edited, started to take up western social democracy seriously late in the 1970s<sup>2</sup>. He supported Eda's structure reform strategy and spread new trends of western social democracy throughout Japan (Visions of French Socialist under President Mitterrand and new social movements with an ecological, gender and alternative agenda).

(b) **Keiichi MATSUSHITA** (1929-) and strategy of local government

Matsushita, a political scientist, emerged in the 1950s with the conception of mass and urban society and led a political science as empowerment of citizen over more than a half century. Meanwhile he planned the civil minimum policy in contrast to national minimum policy, theory and praxis for autonomous local government and administrative reforms for decentralization of power.

Late in the 1960s, distortions in the result of intensive economic growth and industrialization became clear and candidates recommended by ‘post war progressive power’ of SPJ and CPJ were elected to governors and mayors in large cities such as Tokyo and Osaka. If SPJ had switched to reform party for urban middle class and a wide range of labor, the 1955 regime could have changed the government. However, it was not SPJ, but LDP in power, to recognize that the politic of the 1955 regime should be modified for urban middle class.

Although such a policy transformation was achieved without change of government, as Matsushita points out, it prepare to change the 1955 regime in a long run. Truly it was April in 2000 that the comprehensive decentralization law became effective in process of dismantling of the 1955 regime.

(c) **Shinzo SHIMIZU** (1913-1997) and over-taken of the postwar progressive power

Shimizu theorized the ‘postwar progressive power’, SPJ and SOHYO bloc, in short the opposition under the 1955 regime as the ‘Japanese model of social democracy’. He was one of the few intellectuals, who was active in labor union

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<sup>2</sup> Zinbe ANDO (1927-1998) is one of influential social democratic journalists and good coordinator of various political groups. He edited a monthly critical journal “gendai no riron” from 1965 to 1989, which a treasure house of theories of socialism and social democracy in Japan.

movement and refused the avant-garde role of socialist groups. He emphasized that Japanese social democracy should be based on the network of social activists in labor movement. While Shimizu agreed with Eda's reformative line, he criticized the absence of the movement theory in it. Moreover, He disagreed with dogmatic socialism on the one hand and a ritual SOHYO's spring labor offensive on the other hand.

He thought, that western social democracy came out from the tradition and culture of European labor movement, and Japan also needed to have her own reformative idea. In the 1980s, he advocated the concept of "social left" and valued the construction of alternative culture and local movements for quality of life<sup>3</sup>.

## **(2) The 1980s: Offensive of Neo-conservatism against Social democratic welfare state**

### **(a) Reorganization of the 1955 regime and possibility of corporatism**

Many leaders of SDJ- and SOHYO bloc were not fallen into the narrow trade unionism, but kept a democratic ethos of 'postwar progressive power', even though they had a lot of defects such as organization egoism and predomination of ideology. The once effective "Spring Labor Offensive" did no longer work in the 1980s and they confronted with the global offensive of neo-conservatism, before welfare state was established in Japan.

Under this new condition there were a lot of important social problems for working Japanese: price gap between home and abroad, long working hours, planning of stable pension system, land speculation etc.

When Prime Minister Nakasone decided to privatize public corporation such as JNR(railway) and NTT(telephone), the union was standing in turning point: from conflict strategy to cooperation model. Nakasone himself tried to include labor unions in his voter. Social corporatism system might have been created in process of reorganization of the 1955 regime. However, it never came true because Japanese labor union was not strong enough to come out of "corporatism without labor," and furthermore SPJ-SOHYO bloc took over the legacy of the postwar progressive power both in better and worse. So Yagi's 'social corporatism strategy' could be realistic, if the whole

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<sup>3</sup> Two following books are very useful in order to inform the history and political strategy of 'postwar progressive power' in Shimizu's view and activity: Sinzou Shimizu, *sengo-kakushin no han-hikage, memories and dialogs*, Tokyo:Nihon Keizai Hyoron-sya, 1995, Ikuro Takagi(ed.), *selected works of Sinzou Shimizu, 1948-1996*, Tokyo:Nihon Keizai Hyoron-sya, 1999,

social democratic power would be unified; the acceptance of western social democracy in process of party reform of SDJ and the unification of labor unions.

**(b) Reform of SPJ and campaign to gathering all social democratic power**

The left wing of SPJ and socialistic intellectual recognized political and basic value of the western social democracy about 1980 and published a “new declaration of JSP” in 1986. The defects and stagnation of Soviet’s and China’s communism became clear. Also early in the 1980s, the welfare state regime of western social democracy that was fallen globally in defensive by Thatcherism and Reagan’s new conservatism, was recognized by Japanese Socialists 20 years too late as the achievement of successful labor movements. They thought, the former Communism-Capitalism struggle in the Cold War switched to the new confrontation between conservatism and social democracy among advanced industrial countries. Moreover the social democracy is now understood not as traditional labor movement, but a new social democracy dealt with themes such as ecology, gender, governance of civil society, citizen’s autonomy etc.

The SPJ-SOHYO bloc intended to revive the spread of the postwar progressive power and democratic legacy even though it was 20 years behind. In 1989, **Takako DOI**, head of JSP, who opposed to introduction of consumer tax, won overwhelmingly the election of House of Councilors. Trade Unions in Japan except communists had already united in a national centre, RENGO (Japanese Trade Union Confederation) whose first president was **Akira YAMAGISHI**. He was one of influence person in SOHYO and social democrats.

Although two-party system for western conservatism and social democracy was pursued by Yamagishi and Union leaders, who advocated “gathering all social democratic power”, it was not Yagi’s “Social Corporatism Strategy,” but a mixed form of this and people’s democratic legacy of postwar progressive power, which had many common ideas with “Civil Society Strategy”.

Such democratic agenda was consistently applied to “A New Declaration” in 1986, “Political Strategy for Citizen’s Governance” edited by SOHYO center in 1992 (Yamaguchi 1992), and “The Challenge to 21<sup>st</sup> Century: New Strategy of RENGO” in 1999. **Kimihiro MASAMURA** who was one of prominent social economists in labor movement and social democratic power and promoted to reform the social economic system of the 1955 regime. But he stood also in the tradition of postwar democracy and considered that associations and civil

networking are important for reforms.

Nevertheless, social democratic power could not work as powerful political actor in the 1980s and 90s because there were another urgent problems, which Japan had to tackle on the account of globalization and the end of the Cold War.

#### **4.Globalization and Demise of the 1955 Regime**

##### **(a)globalization and post Cold War constellation**

The several years during the Plaza Accord in 1985 and the end of the Cold War in 1989/1991 became globally to the turning point of the 20<sup>th</sup> Century System and in Japan to collapse stage of the 1955 regime. The 20<sup>th</sup> century system was changed through the globalization of economy, information- and communication technology and finance system. The U.S. played a dominant role in accelerating globalization during both of neo-conservative Reagan's era and new democrat Clinton's era. American globalization advanced to make not only information and financing sectors, but also market oriented social system universal. Thus, globalization and Americanization are the both sides of coin.

European nation states could adjust to the post Cold War globalization due to regionalization-strategy through European Union (EU). Japan was the main target of the American strategy of promoting globalization because Japan was following to the U.S. economical great power and also a rival to U.S. It was the problem that Japan had no preparation for the change brought by globalization and end of the Cold War. But, global change and the collapse of "bubble" economy attacked Japan simultaneously. The weak dollar policy of the 1985 Plaza agreement and the domestic easy money brought "bubble" economy. Therefore it became clear that Japan had to transform the 1955 regime. However, the collapsed 1955 regime had further considerable supporter such as the state bureaucracy, many regulated and from globalization and competition protected sectors and the interest groups in and out of LDP. It was uneasy to suit the global changing economical dynamic. In this point, the problems that Japan had to confront were no longer to choose the conservatism or the social democratic welfare state. The two social democratic strategies in 1980s reflected no more the new global reality. The real challenge to the 1955 regime came from other political groups with following three original ideas and policy proposals.

##### **(b)Ichiro OZAWA and vision of a 'normal state'**

First, **Ichiro OZAWA** proposed a concept of “Normal State”<sup>4</sup>. Ironically, Ozawa was one of the leading members in the JDP’s greatest faction, which supported not only the 1955 regime but also played a roll as king-maker. As he was general manager of LDP, a sort of co-determination center of party and government, the Gulf War broke out. He had recognized through his own experience in diplomatic negotiation with the U.S, that Japanese government had neither idea und strategy for the post Cold War world nor leadership, to decide unpopular policies such as Japanese new international contribution including PKO. Therefore, Japan needed the statesman’s leadership and the political system led by the Prime Minister and his Cabinet. That was his vision to a ‘normal state’ and the 1955 regime and its consensus system were the main barrier. Thus he proposed to introduce the single-member constituency system in Diet election.

#### **(c)Kenichi OHMAE and consumer revolution**

Second, the sudden strong yen (dollar-yen exchange rate from 235 yen in 1985 to 80 yen in a few years) brought the price gaps between home and abroad in the regulated sector. Subsequently, Kenichi OHMAE, who was the president of McKinsey Japan, suggested to abolish the regulations to protect producer’s interest and carry out a sort of “consumer revolution” against the 1955 regime oriented for the producer profits<sup>5</sup>. OHMAE emphasized that economic system has developed into the boarder-less economy in respect of currency, information, enterprises and consumption since the plaza agreement in 1985. On the other hand, he warned of the government that the maintain of unproductive sectors through public finance led Japan into more serious crisis. Therefore He proposed to create several different economical bloc. Not a national economy, but several small regional economy could help Japan to solve the globalization problem and to produce employment in regional economy , although the level of income and living condition were different.

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<sup>4</sup> Ichiro Ozawa, *nihon kaizou keikaku*,( Reorganization Plan of Japan), Tokyo : kodan-sya. 1993, In spite of his anti-democratic mentality, this book is today( ten years later) unchanged interesting for us, because Ozawa is one of a few statsmans who did not changed his policies in the last dacade.

<sup>5</sup> Keniti OHMAE, *Revolution of the Living Citizen: The End of the Etatism*, Tokyo: Japan Broadcasting Publication. 1991) The term of ‘living citizen’ have two meanings: a active citizen and consumer. It is not Ohmae’s original concept, but a popular word in context with critic to “ a major economic power Japan” or “corporation society “. Like OZAWA, Ohmae is one advocator of few economists who point out the problems consistently in the last decade.

In contrast to other prominent market economy fundamentalist who claimed the adjustment of Japanese economic system to American system of market society but changed their proposals of economic policy opportunistic, OHMAE kept his vision and proposals till today.

#### **(d) Hosokawa's Vision to Devolution<sup>6</sup>**

Third, this paper pays an attention to political reform and devolution strategy proposed by **Morihiro HOSOKAWA** who started the Japan New Party and became the Prime Minister of 7 parties-coalition against LDP in 1993. **From the view of present ten years after**, the real confrontation strategy against the 1955 regime is this way to decentralization of the bureaucratic state.

It is important to point out that HOSOKAWA is a symbolical figure of wide range of different organizations, which aim at the reconstruction of the old regime. One of the core coordinator was the Committee for the Promotion of Political Reforms started in April of 1991, and the Committee was composed by very various member: members of Diet (LDP, SPJ, DSP, KOMEITO), leaders of manager organizations and trade unions, political scientist with various colors and journalists.

The preparation for the reform seemed to be complete and the structural reform of political and socio-economic system could be realized in several years. However, the reality became quite different development. Japan became a failure model in 1990s from the success model of the postwar era till to 1980s. Thus 1990s is called now 'Ten Lost Years'. Why?

### **5. conception of the 2005 Regime and its opponent**

#### **(1) Change in "Ten Lost Years"**

Now, this paper explains the change during these ten years.

First, SPJ, the biggest oppositional party of in the 1955 regime, fell down. SPJ in government had to decide in favor of Japanese Self-Defense Force and Japan-U.S. Security Pact. The Strategy of RENGO, "Gathering all social democratic power", assumed that SPJ would accept to change her security policy. In the end, JSP could not adjust to this change and split.

Second, the labor union's power declined. RENGO could not keep the

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<sup>6</sup> The following two books are now historical documents: Hosokawa, Morihiro(ed.), *Nihon Sintou: sekinin aru henkaku* (Japan New Party,), Touyou Keizai, 1993, Minkan Seizi Rincho (ed.), *Nihon Henkaku no bizyon*.(Grand Vision of Political Reform), Kodansya, 1993

political power which trade Union had under the 1955 regimes. Its members decreased and Rengo could no longer handle to stop the increase of unemployment. The union activity shifted from the national center to industrial unions or enterprise unions. While RENGO failed to gather the social democratic power completely, he attempted to establish more wide-ranging democratic and liberal power. Democratic Party of Japan(DPJ) formed at first in 1996 through the unification of right wing of SPJ and reformative groups of LDP. DPJ grew in following years through joining other small parties and at last jointed with OZAWA's Liberal Party in October 2003. DPJ becomes now to reform and all catch party.

Third, the largest faction of LDP, the former Tanaka-Takeshita faction, which has supported the 1955 regime since the 1970s, is about to dissolve under the Koizumi government in 2003. The purposes for political reform that majority of Japanese people wanted in the end of 1980s and in the beginning of 1990s, were neither to establish a new global security policy nor living-citizen's revolution nor devolution of nation state, but attacking the money politic of LDP leaders combining bureaucracy. It took more than ten years to disband this faction's force apparently. The battle against this largest faction is certainly the reason why the Koizumi government has obtained a high approval rating. But, faction politics is just only a part of the 1955 regime. This is one of relevant reasons why the ninety's reform was stagnating.

Forth, the Japanese city banks dominating the world ten big banks in 1990 almost disappeared from the global financial business. The former Ministry of Finance in the 1955 regime has been losing its great authority through the reorganization of administration. Now, Japanese economics lost credibility of both Ministry of Finance and financial system as a global playmaker. Even so, economic rehabilitation by deregulation or structural reform advocated by neo-classiker economists is not likely to be achieved. Japan is on the verge of deflationary spiral.

## **(2) American Global Strategy**

The American global strategy in post Cold War seemed to be corresponding to the result of Japanese economic stagnation in the 1990s. Therefore, media understands that Japan have lost the second war against the U.S. in the ninety's "Ten lost years". The 1955 regime was constructed along fixating the Cold War structure of East Asia after armistice of Korean War. The 1955 regime stemmed from the real confrontation between two totally different regimes: the eastern socialism regime and western capitalism regime, even though some Japanese



unique systems such as rest of wartime economy and cooperation between LDP, Bureaucracy and Industry are added. Thus It is no wonder its dissolution and change is strongly influenced through American global strategy.

### **(3) Alienation factors to regime transition**

The old 1955 regime has tried to survive with curtailing and changing the former forms of such as party systems and the bureaucratic organizations, even though it begins to be dismantled. For example the left and traditional wings of SPJ remains in a certain regions with changing its function and LDP's factions politics will continue. Even if new DPJ could win the majority of House of Representatives, old power could keep on in House of Councilors in following years. Even though the modified single-member constituency system is introduced, Communists and Komei Party are surviving. While Italian Christian Democrats are dismantled, Japanese LDP is staying in power without any future visions. This structure applies to various fields such as the bureaucracy, industrial sections, and interest groups. Each organization attempts to survive und that is a rational choice for organization. As a result, the transition into the new regime will be more complicated.

Therefore on the one hand a public space or open arenas are lacked in Japan, where different organizations or person participate on debate and try to bring a common decision. On the other hand, the labeling of politics seems to be now relevant. The trend to populism is to see.

### **(4) conception of the 2005 Regime**

It is a time to discuss on the regime transition. In order to escape from stagnation of 'Ten Lost Years' it is necessary to recognize that any partial regime reforms or change of political power are not enough to solve problems. To achieve the regime change successfully, it is necessary to create institutional framework and gather the wide range of supporters. The following table shows the regime comparison to verify the necessity of the regime change.

While the 1955 regime took over the rest of prewar systems, it successfully established the postwar system distinguished from imperialistic Japanese regime between Russo-Japanese War1904/5 and 1945. The prewar bureaucracy contributed to the success of the "catch up" economical growth strategies even though there were many defects in terms of democracy.

The 2005 regime also took over the 1955 regime in many points. Although Japanese style stakeholder model for lifetime employment and protecting employee's profit should transform to keep on, it cannot adjust to the Anglo-Saxon's share holder model. The Japanese type management should extend the concept of

‘stakeholder’ to civil society and market system.

While promotion of privatization and decentralization of national administrative organizations developed in last years, new institutions for citizen’s autonomy and local government have been not established. However, new type governors have been trying to modify such decentralization plan of ministries. Thus, central ministries have to clarify their position to promote the decentralization in respect of administration reform.

**Table 1 Japanese 1955 regime and 2005 regime**

	The 1955 regime	The 2005 regime
historical age	the East-West Cold War	mega-competition and multilateral adjustment between global-regions
security	Bilateral Alliance (Japan-U.S. Security Pact)	(regional)collective security
national consensus	Peace and economical growth	The quality of life and cooperation between regions
state	bureaucratic nation state	decentralized nation state and regional union
political party system	conservative Vs. progressive	Collaboration between all catch party and Governor’s Union
economic space	national economy	global economy + local economy
economy	heavy and chemical Industries + mass-consumption	information and service business and knowledge capitalism
form of national governance	collaboration of Politics = Bureaucracy = Industry	collaboration of government = civil Society = enterprises
corporate governance	Japanese style stakeholder	universal stakeholder model
social Security	social insurance and national minimum	social insurance and regional welfare governance
trade union	national center, industrial trade union	local union associated trade union

Currently, the left of the 1955 regime interferes with forming the 2005 regime as “resistance power,” and it may be very difficult to get rid of the

resistance power completely in respect of the 1990's experiences. It is not likely that expanded DPJ generally take a stand on social democracy, but rather DPJ should gather various powers and colors for reform. But, if four or five powerful groups composed of DPJ follow the policies and principles of modern social democracy and progressive governance, it should be easier to shift to the 2005 regime. DPJ announced to support for the policies of decreasing the unemployed rather than the promise of ambiguous economical growth in "Manifest" of DPJ in September 17<sup>th</sup> in 2003.

## **6. To associate with Modern Social Democracy and Progressive Governance**

There are following merits of the connection with the global progressive powers.

First, these social and liberal progressive powers lasting more than 100 years through the 20<sup>th</sup> century have matured theoretically and politically.

Second, social democracy and liberals have been regularly in government and known of the possibility and limit of political power and administration. Additionally, its party and government have a long tradition to cooperate globally and thus they are capable to have the view beyond the national interests.

Third, the progressive powers have recognized necessity for their own radical reform and new vision to the 21<sup>st</sup> century. They have proposed already to the plan and discussed world wide. They reflect the political history in last 20 years in context with rise of neo-conservatism, return of social democracy to political power by the left-of-middle road, and come back of the present national conservatism and right populist. The network of modern social democracy and progressive governance is one of the results of them.

Forth, Social Democratic Parties in EU countries and others and American Democratic Party participate on global cooperation and dialog. They aim at sharing common value and discussing on the actual problems together. In order to establish the 2005 regime in Japan, it is very important to understand the modern history universally and share the basic value and democratic principles globally.

But, there are also defects of it.

First, a plentiful history may be restricted by the 20<sup>th</sup> ideologies such as socialism and liberalism, or institutions of a welfare state in expansion age. Therefore innovation of the 20<sup>th</sup> century system is pursuit, but also is disturbed by

it.

Second, both of modern social democracy and progressive governance power has promoted globalization and market economy. Simultaneously, market principles has been prior in trying to achieve modernization of the welfare state and social security, as seeing to EU economics and currency union. In addition, globalization itself has made the regional gap or class gap enlarge.

Third, political innovation for globalization has been stagnating. The 20<sup>th</sup> century democracy has legitimated legal rights and justified national ruling, and yielded consensus and national identities. Therefore, a nation state which promotes globalization but does not care for citizens has caused insecure feeling to people and given the power to the extreme right and conservative populism. For example, the conservative populism defeated the Social Democratic Party in Netherlands and Denmark which macroeconomic performance is excellent. Obviously, globalization has brought nationalism, which is one of central theme in international conference of progressive governance in July 2003 in London.

Even if Japanese progressive groups collaborate with global progressive powers, it is not sure whether Japan can cooperate with the U.S. and other countries. Moreover the cooperation to promote the regional East Asia with Japan, Korea and China stay only in first step. However, the 2005 regime is not brought by the Japanese isolated politics for only domestic affairs, but can be achieved by political global innovation as the 1955 regime in past.

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