

Let's Change Japan!: Reform Initiatives from Yokohama

Hiroshi Nakada, Mayor of Yokohama

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Introduction

Hiroshi Nakada is a rising star in Japanese politics. At 38, he is mayor of Yokohama, the youngest mayor of a major Japanese city. On June 23, 2003, Nakada spoke at the Center for Strategic & International Studies (CSIS), where William Breer, the Japan Chair, described him as “a leader who is articulate on both local and national issues who is prepared to take on the entrenched interest groups of the old guard.” Nakada shared his views with a crowd of businessmen and Japan experts on issues including Prime Minister Koizumi’s reform initiatives and the Japanese political situation in the near future.

Summary of Remarks by Yokohama Mayor Hiroshi Nakada

Mayor Nakada noted that the general election of the Lower House of the Japanese Diet will be held by next summer, when the members’ terms expire. However, Prime Minister Koizumi generally prefers to exercise his power to dissolve the Diet and call for an election before the end of the term. Since World War II, according to the mayor, only two elections have been held after full terms. As a result, the average term length of the Lower House members is two years and 11 months, while the full term is four years. It is, therefore, common for the Lower House members to prepare for elections after their third year.

Yet nobody knows the prime minister’s tactics on the timing of the next election. In general, he keeps his plans secret. Usually, the LDP prime minister is selected by intra-party coordination, which is mostly influenced by the largest faction and factional balance. However, Koizumi is an atypical Liberal Democratic Party (LDP) leader, elected by grass roots support among local LDP organizations, rather than by intra-party coordination among Diet members.

Nakada believes that the prime minister is still committed to economic structural reforms. In fact, Koizumi has stated that he would only dissolve the Diet if the anti-reform LDP diet members were to try and remove him from power. Thus, he might not employ traditional tactics.

Although Nakada considers himself to be one of the closest politicians to the Prime Minister Koizumi, he does not know what Koizumi’s intentions are. Nakada believes that Koizumi may not intend to use his dissolution power just yet.

In the past, the LDP president and the prime minister of the Japan were synonymous. This may no longer be necessarily be true. The Japanese media have their eyes on the LDP presidential election in September, when Koizumi’s term expires. Koizumi might not be elected as the president of the LDP. Usually, the LDP leader would step down as prime minister after losing LDP presidency. However, Koizumi, with his unusual background, could remain prime minister and continue his reform efforts until the next year’s general election (Nakada did not mention

any exact words, but such action by Koizumi will lead to political realignment since Koizumi needs some LDP members and oppositions' supports to retain his prime ministership). Mayor Nakada lauded the emphasis that Prime Minister Koizumi's administration has placed on reform, citing ongoing agenda items such as the privatization of the Postal Service and Public Highway Construction Corporation and the transfer of budget policymaking from the Diet to the Cabinet.

The media has criticized Koizumi's reforms as ineffective or half-hearted. However, as Koizumi stated in the initial stage, "There is no instant benefit from the reform. It would take four or five years. We need to endure pain."* Still today he upholds his belief in his reforms.

Privatization of the Postal Service and semi-privatization of the Public Highway Corporation may be half-hearted. However, no other cabinet could set such a critical agenda or even proceed with the reform.

According to Nakada, the prime minister said, "let the local government do whatever they can," while at the same time saying, "let the private companies do whatever they can."* Nakada strongly endorsed the current plan of the so-called Trinity Reforms package, (which involves subsidy cuts, a review of tax grant allocations to local governments, and the transfer of tax-collecting powers to local governments). Nakada welcomes the plan, which would yield eighty percent of Japan's tax revenue directly to local governments like his own, although it would pose an enormous challenge to him.

Instead of receiving financial mandates from the central government, the mayor and his counterparts in other cities and prefectures could use the funds according to their own priorities--these reforms would be welcomed by local leaders who want to manage their constituencies with more autonomy, whereas others who have no such interest do not.

If Koizumi manages to push such a reform through the Council on Economic and Fiscal Policy, it would be appreciated and the Koizumi Cabinet would gain recognition and thus avoid criticism.

Currently, the Nikkei stock prime recovered 9000 yen. In addition, the Japanese people see no viable alternative to Koizumi. It is, therefore, likely that the Koizumi Cabinet will remain after the LDP presidential election in September.

Nakada was visiting Washington D.C. to participate in BIO2003, the world's largest biotechnology conference, to promote Yokohama as an investment target. There are many small firms with prominent skills in manufacturing in Yokohama, which has been the core of Japanese economic growth. Although traditional manufacturing is becoming obsolete, its skilled workers have the potential to absorb new investments in the biotechnology sector. Mayor Nakada's goal is to shift the reliance of his city's economy from older industries to new. He concluded by asking members of the audience to think of Yokohama as the "biotech capital of Japan."*

Selected Questions and Answers:*

Q: Mayor, you graduated the Matsushita School of Government and Management, which produced many Diet members. How did the Matsushita School influence your decision to become involved in politics?

Nakada: In Japan, it is very difficult to become a Diet member without kinship of politicians, enormous financial capabilities, or support from influential groups. Although I come from an ordinary household, the Matsushita School provided me with the education, inspiration and confidence to seek office anyway.

Q: How do you see the current role of the DPJ (Democratic Party of Japan)?

Nakada: I am wondering if the DPJ could win the majority. I have often heard that the DPJ is a bad choice, while the LDP is also bad. “Bad” is used in a different context for each. Criticism of the DPJ is often about its policies, whereas criticism of the LDP refers to members’ quality or moral standards. The LDP has a wide range of quality in its members. On the other hand, DPJ has wide range of the policy direction, from liberal to conservative. It would be the best if some leading DPJ members form a coalition with good ones of the LDP.

Q: What do you think of the direct election of the prime minister in the future?

Nakada: I support it. Many people advocate direct election to create a stronger leadership. In addition, I think that it will strengthen the Japanese general public’s sense of responsibility in governance of the country by choosing its own leader. I believed that being governor and mayor resembles the U.S. presidential system rather than Japan’s parliamentary cabinet system since one leader gains control of human resources, budget, and execution. It would be nice if in the future of Japan, we see elected a candidate experienced as a local leader to influence politics at the national level.

Q: Do you think Japan will resume an active political movement such as at the birth of the Hosokawa cabinet in 1993?

Nakada: Such a political movement is possible when people are completely disappointed with current politics. We are heading towards that kind of situation.

*Note: Mayor Nakada spoke in Japanese. Quotations marked with an asterisk and Mr. Nakada’s Q/A session responses have been translation from Japanese.