

A Heisei Reformation

Changes under the New DPJ Government

By Yasumasa Nagamine



Japan changed in 1868 and 1945

Now in 2009?



1868 – Meiji Restoration



- Tokugawa Shogunate → Modern Government
- Goal: Combine Western advances with traditional values
- Powerful central government
- Meiji oligarchy
- Shift towards bureaucracy



1945 – Defeat and Occupation

- Demilitarization and democratization
- New Constitution
- PM Yoshida to PM Hatoyama and the birth of the LDP (1955)
- Cold War



The Last Two Decades

1989-90

- End of the Cold War
- Burst of the bubble leads to “Lost Decade”



2001-06

- Terrorism
- Wars in Iraq and Afghanistan
- Koizumi era – “market fundamentalism”



2009



Landslide victory by the Democratic Party of Japan
(DPJ)



New DPJ Coalition Government

- Basic Framework -



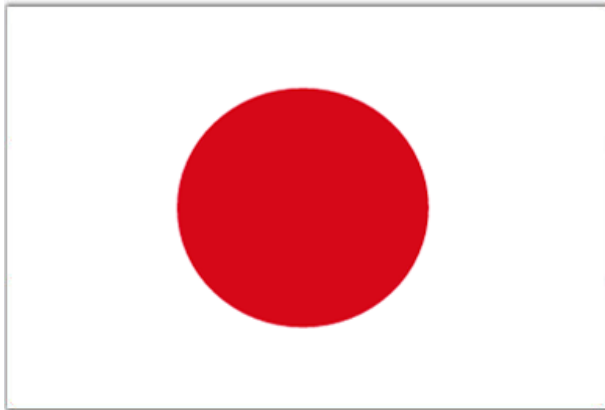
- Bureaucracy driven → Cabinet driven
- Change in government spending
- Give more power to local governments
- Transparency
- More policies for the middle-class
- An economy for the people
- Green technology – key for economic growth



New DPJ Coalition Government

- Foreign Policy –

Japan as a bridge



- Response to the global economic crisis
- Climate change
- Nuclear disarmament and non-proliferation
- Peacebuilding, development and poverty
- East Asian community



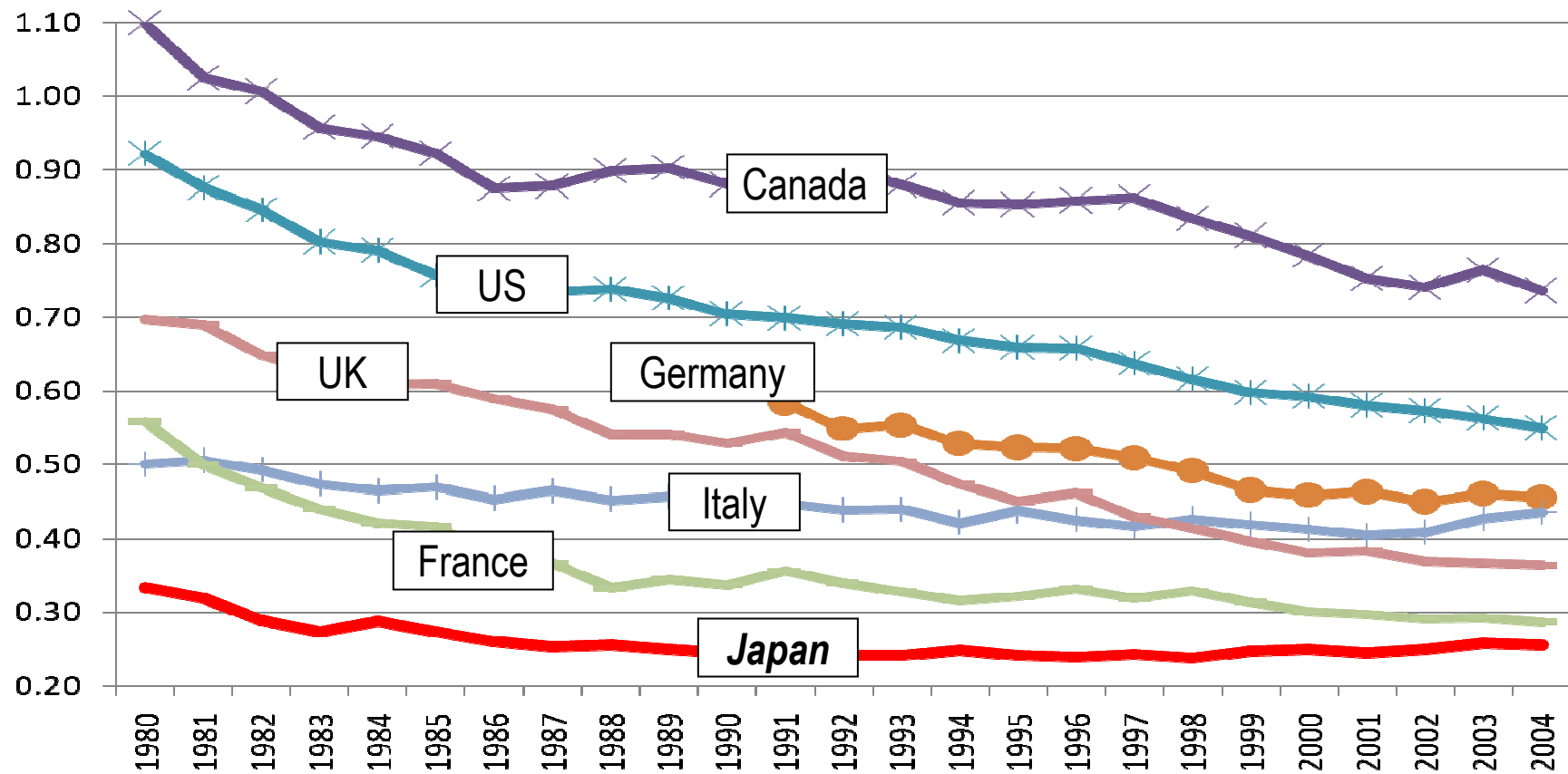
New DPJ Coalition Government

- Climate Change -

- 25% emissions reduction from 1990 level by 2020 (Previous target of 15% is 8% from 1990)
- Collective effort needed
- Developed must aid developing
- Sharing of technology will benefit all



Least Carbon Intensified Economy for 25 Years



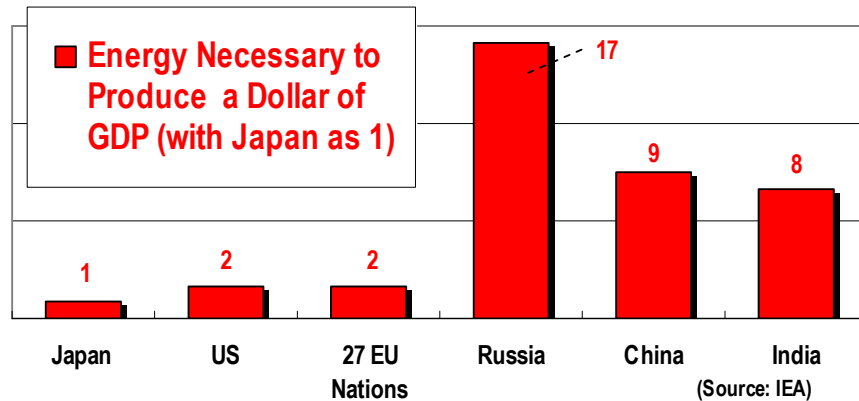
Metric ton Equivalent CO2 Emission per 1,000US\$GDP

Source: US DOE Energy Information Administration



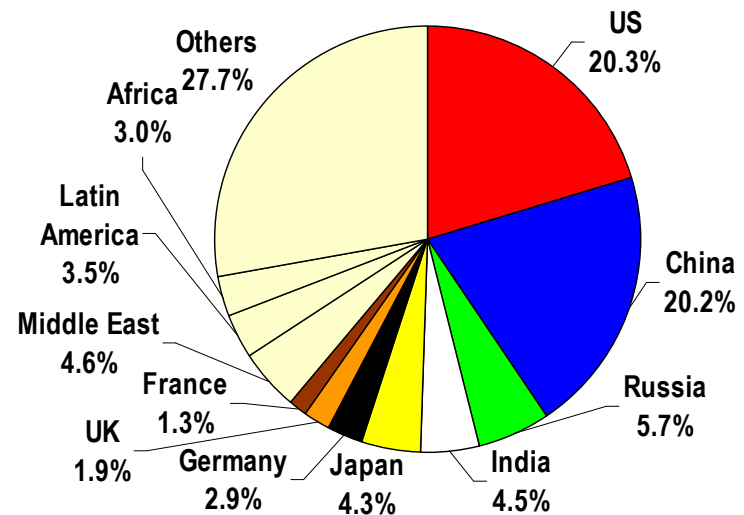
Environmental Aspects

Energy Necessary to Produce a Dollar of GDP (2004)



Primary Energy Supply (Crude Oil Equivalent)/ GDP

CO2 Emissions (2006)



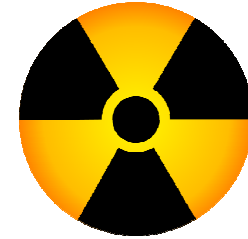
28 Billion tons (Global)



New DPJ Coalition Government

- World Without Nuclear Weapons -

- Reduction of nuclear arsenals
- Comprehensive Nuclear-Test Ban Treaty and Fissile Material Cut-off Treaty
- Active diplomacy in nuclear disarmament and non-proliferation
- Resolute response to nuclear proliferation
- High standards in clear safeguards, security and safety when using nuclear energy



New DPJ Coalition Government

- U.S.-Japan Relations -

- A close and equal U.S.-Japan alliance
- U.S.-Japan alliance still the cornerstone of Japan's foreign policy
- Deepen bilateral relations
- Discussion of the realignment of U.S. forces in Japan



New DPJ Coalition Government

- Afghanistan and Pakistan -



- Support Afghanistan's own efforts towards its stability and reconstruction
- Send aid, such as agricultural assistance, vocational training for former combatants and the reinforcement of police functions
- Refueling mission in the Indian Ocean after January 2010 will be reconsidered



New DPJ Coalition Government

- East Asian Community -

- Build up real trust and advance cooperation
- Increased cultural exchange
- Mutual understanding at the grassroots level
- Second Japan-China-ROK Trilateral Summit Meeting



New DPJ Coalition Government

- North Korea -



- Discuss issues through multilateral approach
- Denuclearization through Six-Party Talks
- Implement measures based on UN Security Council resolutions
- Seek to resolve abduction issue at the earliest possible date



Challenges for the DPJ

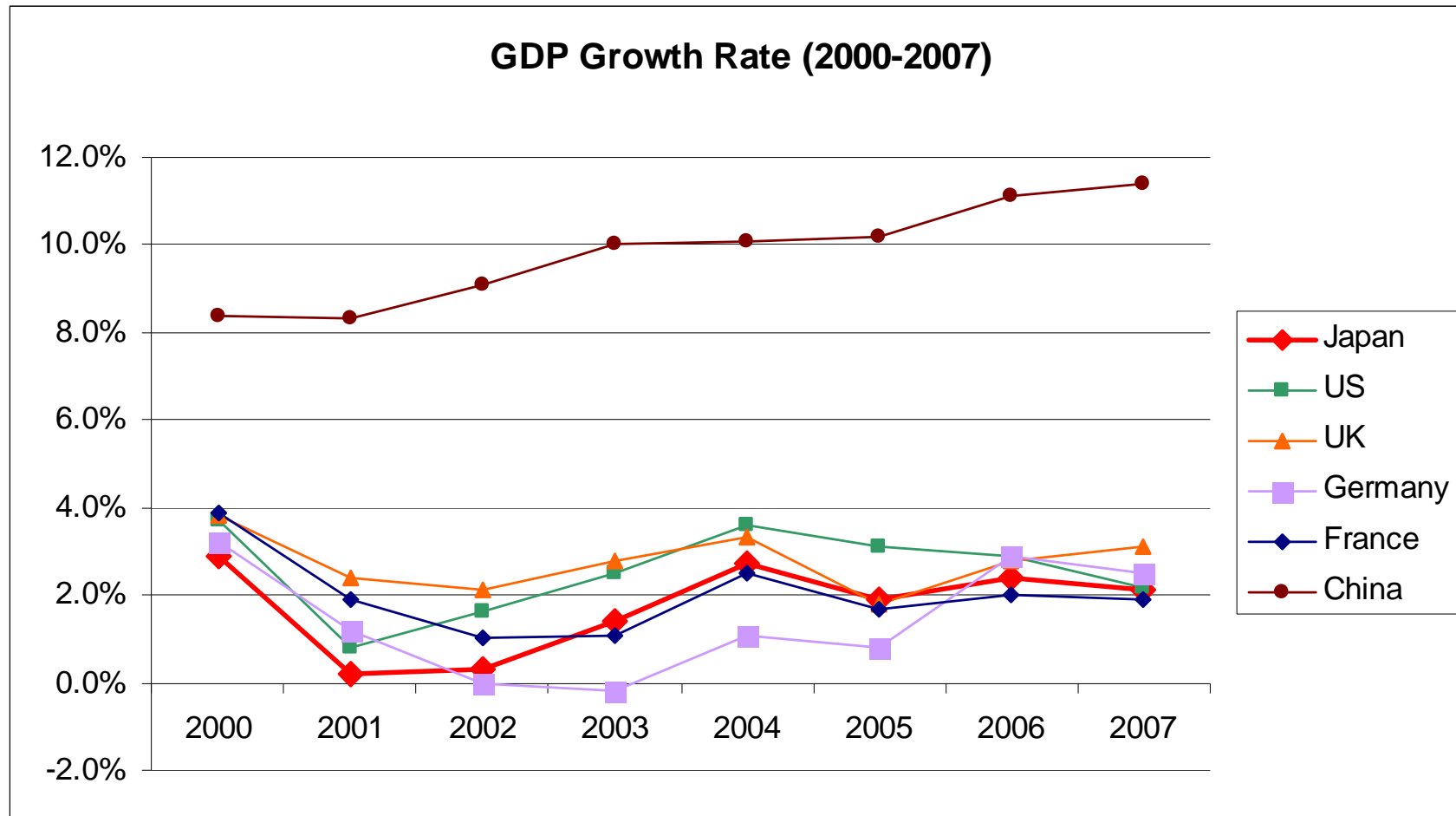


- Implementing the campaign manifesto
- Creating attractive and viable budget proposals
- Creating change that pleases the coalition
- 2010 House of Councilors Election (upper house)



Economic Might to Continue?

- GDP Growth Rate -

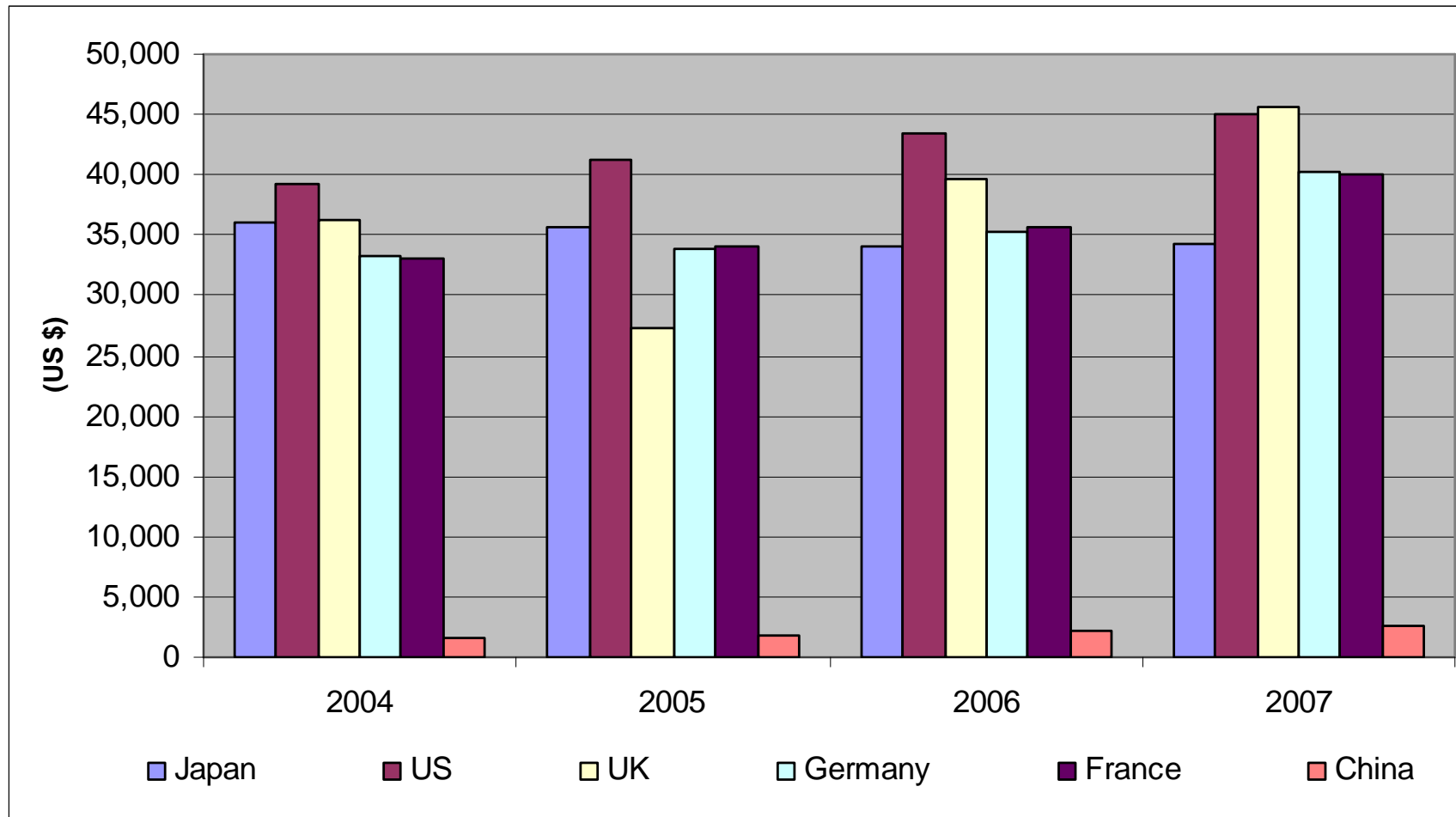


Source: Statistics Bureau of the Ministry of Internal Affairs and Communications



Economic Might to Continue?

- GDP Per Capita -



Source: Statistics Bureau of the Ministry of Internal Affairs and Communications



Economic Might to Continue?

- Public Debt -

Total Central Government Debt in Millions of U.S. Dollars

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Japan | 6,741,783.0 | 7,280,156.8 | 7,048,474.7 | 7,092,221.5 | 8,483,907.6 |
| US | 3,924,300.0 | 4,307,420.0 | 4,605,970.0 | 4,848,260.0 | 5,054,930.0 |
| UK | 834,468.7 | 930,462.6 | 982,931.5 | 1,167,880.5 | 1,230,768.2 |
| Germany | 1,029,944.9 | 1,180,360.4 | 1,068,592.7 | 1,251,627.1 | 1,409,330.1 |
| France | 1,044,992.3 | 1,188,595.7 | 1,084,816.7 | 1,240,230.8 | 1,454,122.7 |

Source: Organization for Economic Cooperation and Development



Economic Might to Continue?

- Public Debt as a % of GDP -

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|----------------|--------|--------|--------|--------|--------|
| Japan | 140.8% | 156.5% | 163.8% | 160.7% | 162.9% |
| US | 35.4% | 36.6% | 36.7% | 36.6% | 36.2% |
| UK | 38.8% | 40.0% | 43.6% | 43.5% | 42.9% |
| Germany | 37.7% | 39.2% | 40.4% | 40.9% | 39.5% |
| France | 51.9% | 52.6% | 53.3% | 52.1% | 52.2% |

Source: Organization for Economic Cooperation and Development



Economic Might to Continue?

- Gini Coefficient -

| Country | Gini Coefficient | Year |
|----------------|-------------------------|-------------|
| Japan | 42 | 2004 |
| US | 45 | 2007 |
| UK | 34 | 2005 |
| Germany | 27 | 2006 |
| France | 33 | 2008 |
| China | 47 | 2007 |

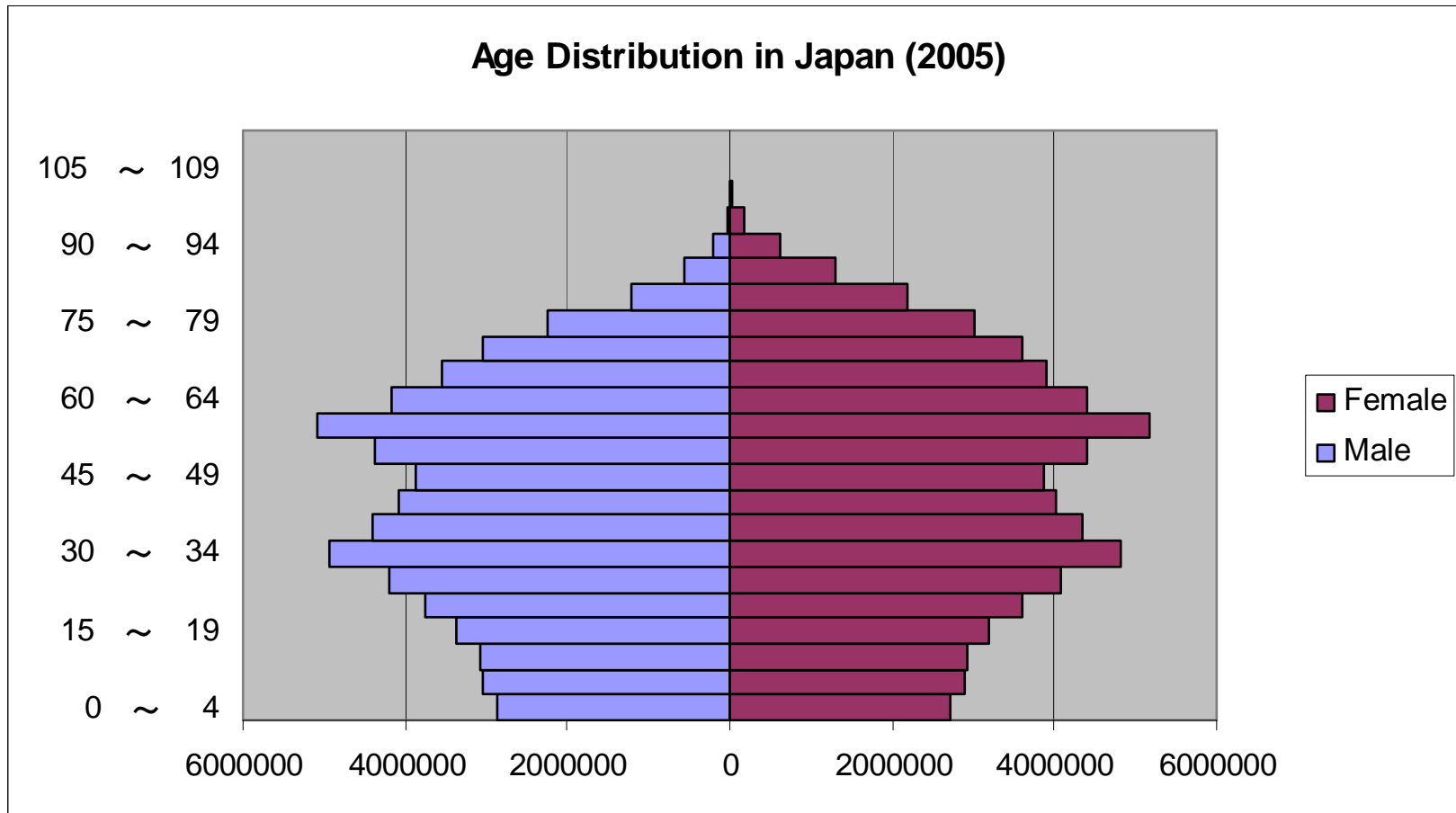
Japan source: Organization for Economic Cooperation and Development

All other countries: CIA World Factbook



Economic Might to Continue?

- Demography -



Source: Statistics Bureau of the Ministry of Internal Affairs and Communications



Organisation for Economic Co-operation and Development (OECD)

Peer Review: Japan

- Deepest recession of the post-war era
- Large fiscal stimulus and cut interest rates projected output growth in second half of 2009
- Sustainable growth through economic reform
- Upgraded regulatory framework and transparency essential for financial stability
- Budget deficit set to approach 10% of GDP in 2010 and gross public debt nears 200%



Questions?

