

The Corporate Dominated Society and the LDP Regime

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Abstract

The LDP dominated party system in postwar era was closely connected to the corporate dominated society (Kigyoushakai) which was a distinctive socioeconomic order in Japan. The LDP regime was established following the completion of the corporate dominated society in socioeconomic area after formation of so-called 1955 regime (LDP-JSP dualistic party system).

From the early 1990s, the corporate dominated society in Japan has gradually collapsed affected by expansion of world capitalism, and the LDP ruled regime has also dissolved (LDP was temporarily the opposition).

Nevertheless some practices of the corporate dominated society in the socioeconomic area have an intense continuity, and a new socioeconomic order, especially alternative labour-management relations and social security system has not yet been constructed.

After the LDP was restored to power in 2012, the LDP government has not been supported by well-organised social sectors and the present Japanese

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party system is completely confused due to the lack of a distinct line of point of issue concerning socioeconomic order.

Keywords

party system, socioeconomic order, political regime, Japan, social security

Introduction

Why the LDP had maintained ruling power from 1955 to 1993? Why Japanese politics had failed to create the party system which can change power occasionally?

There are 3 major hypotheses.

(a) The LDP had high government abilities in accordance with rapid economic growth and social changes, and the LDP developed into a so-called the catch-all party.

(b) The JSP failed to establish the new model of socialist policy during the period of rapid economic growth and the JAPAN-US Security Treaty prevented the JSP from becoming the ruling party.

(c) The accomplishment of the corporate dominated society in modern Japan created the conditions in which the LDP had ruling power.

In this paper, I pay attention to the third hypothesis. It will be able to explain the stability of the LDP ruled regime, and it also throws light on the difficult problem of changing socioeconomic order in contemporary Japan.

1 Accomplishment of the corporate dominated society and establishment of the LDP ruled regime

1-1 Definition of the corporate dominated society (Kigyoushakai)

In the postwar era, Japanese corporations had strong influence over vast socioeconomic areas. They had superior power in labour-management relations in the workplace and also ruled workers by supplying some additional benefits such as family/dependant allowances and housing allowances. In other words, the corporate dominated society had some functional equivalents to welfare state benefits in Japan, and the Japanese social security system concentrated on old-age pensions and health care and not on working-age social allowances.

The socioeconomic practices of the corporate dominated society were essentially characterised by the so-called Japanese model of employment system (lifetime employment, seniority wage system and company unions).

1-2 Relationship between the corporate dominated society and the LDP ruled regime

(a) The 1955 regime and the expansion of the political voice of corporate associations

In the early 1950s, Japanese corporations succeeded in acquiring powerful management right after long and fierce industrial disputes (e.g. Nissan, Densan dispute).

Corporate associations (Keidanren, Nikkeiren) were anxious about JSP participation in the policy making process, because JSP was supported by General Council of Trade unions of Japan (Sōhyō) which was opposed to superior-

ity of management right.

The corporate associations were eager to combine two major conservative parties (Liberal Party and Japan Democratic Party) the creation of the LDP to prevent JSP from entering power. The pressure of the corporate associations was one of main factors of the reorganization of party system at that time.

(b) Substitute fringe benefits inside corporations for worker's demands on welfare state system

The corporate dominated society in Japan was established in the early 1960s after the Miike dispute (1959-1960, dubbed total war between labour and capital).

The famous theory of capitalist development state (Chalmers A. Johnson) was concentrated to the role of government, for example MIT in Japan. But in the 1960s under liberalism of trade conditions, Japanese corporations didn't accept new government control industrial policies presented by MIT, and would accomplish the high level of productivity and competitiveness by amalgamations and labour-management cooperation.

After the renewal of Japan-U.S Security Treaty in 1960 which was the first serious crisis for the LDP ruled regime, the Ikeda government advocated the income doubling policy and intended to substitute the increase of wages and fringe benefits inside corporations for worker's demands on social security system. These policies aimed to integrate increasing numbers of workers into the LDP ruled regime and capitalist order.

The LDP government excluded the major labour unions which supported the JSP and DSP (Democratic Socialist Party) from the policy making process, in contrast to accepting the pressure from the agricultural organisations.

In the rapid economic growth-era and under full employment, the JSP was gradually losing the support of labour unions in large corporations such as IMF-JC in the metal industry.

(c) Japanese politics under the 1955 regime and the corporate dominated society

Under the 1955 regime, the LDP and JSP constituted a two party system but were in sharp conflict on diplomatic policy concerning the Japan-US. Security Treaty. But after the corporate dominated society was completed, the JSP and LDP were in accord about maintaining the structure of corporate dominated society, indeed JSP and Sōhyō did not demand the expansion of the social security budget, but rather demanded increases in wages and tax reduction at that time. The JSP could not succeed to present a model of socialist society which could substitute for the corporate dominated society.

That was the main reason for the stability (and impasse) of Japanese politics under the 1955 regime.

1-3 Defect of the corporate dominated society and unrest under the LDP regime

The lack of social policy in big cities brought about the generation of many reformist heads of local governments in the 1970s. These local governments criticised the LDP central governments and carried out some social policies according to the principle named civil minimum.

The corporate dominated society yielded considerable low income populations outside that social structure. Kōmeito (organised by new religious group) and JCP (Japan Communist Party) had mainly expanded outside the

rural communities and the corporate dominated society (such as non-organised workers, single mothers) and LDP's approval rate in big cities reduced in the early 1970s. That was the second crisis for the LDP ruled regime.

2 Re-establishment of the LDP ruled regime after the late 1970s and re-inclusion into the corporate dominated society

2-1 The re-establishment of the LDP's interest induced policy making process

In the middle of 1970s, at the end of rapid economic growth, the LDP ruled regime was at grave turning point.

In the rapid economic growth-era, several large-scale regional economic development plans encountered many problems in some districts, and it was impossible to continue with such development plans under the low economic growth.

From the late 1970s, the LDP ruled regime organised an exhaustive interest induced process by supplying much public enterprise money and various types of subsidies to promote LDP's politicians' constituencies. And it was supposed that the LDP ruled redistribution system in rural districts and tax reduction policies was partially equivalent to welfare state. But needless to say it was projected from a practical view for the LDP ruled regime.

The LDP government succeeded to grab many heads of local governments from the reformist alliances by utilising the arbitrary redistribution of some subsidies. And final budgetary process fell into the LDP hands from the Finance Ministry to issue government bond boundless. Consequently the dec-

ade of the 1980s was the second and final golden age of LDP governments.

2-2 Japanese particular model of welfare society and re-inclusion on the corporate dominated society

(a) Insistence on the Japanese model of welfare society, a political strategy for a new conservative model

The Tanaka Kakuei government presented a new set of welfare policies in 1973, called the first year of welfare society in Japan, to resist the rise of reformist local governments, but the end of rapid economic growth prevented the LDP government from implementing these policies. Afterwards the Ōhira government announced that we could found a 'Japanese style' welfare society without high level social expenses by utilising traditional family practices and fringe benefits inside corporations.

According these LDP government policies, in the middle of 1980s, some social security and tax systems had changed that intended to fix the male breadwinner model (the preservation of the housewife) and the universal welfare system (such as public assistance) was deliberately reconstructed to cut costs.

(b) Bubble economy and re-inclusion of the corporate dominated society in the 1980s

The so-called Bubble economy that lasted from the middle of the 1980s to the beginning of 1990s was the period of highest economic prosperity in modern Japan.

In those days, the corporate dominated society was considered the principle factor of Japanese success stories (Japan as No.1). These successful memories of economic prosperity affect the excellent image of the corporate domi-

nated society in Japanese consciousness nowadays.

3 Collapse of the corporate dominated society and reorganisation of party system

The end of bubble economy and expansion of world capitalism in the early 1990s caused decline of the corporate dominated society in Japan and that ruined some of the socioeconomic basis of the LDP ruled regime.

3-1 Attempt to build non-LDP government and reorganisation of the party system

(a) The reorganisation of the party system was affected by 3 major political dynamics:

Inside the LDP, some groups indicated the limitation of LDP's interest induced policy making process and insisted on founding a new ruling form, especially Ichiro Ozawa, the former LDP chief secretary, who decided to destroy the stability of the LDP ruled regime in order to establish a new power centralised conservative party.

The Japanese Trade Union Confederation (Rengō, the principal national center from 1989), recognised the end of the period of harmonisation between the corporate dominated society and Japanese company unions and indicated its intention to participate in the policy making process by terminating the LDP's power.

Disgusted with LDP's money politics, a general expectation for change power grew.

(b) Meanderings process of party system reorganization

The reorganisation of the party system in the 1990s had shown the fragility of Japanese party system, notably the foundation and abrupt dissolution of the New Frontier Party (Shinshintō, 1994-1998) indicated the structural fragility of Japanese political parties.

However the reform of election system for the Lower House in 1994/5, introduced single-seat constituencies, did not succeed in producing majority group against LDP. Many politicians drifted from one party to another to survive in the political circles.

3-2 Collapse of the corporate dominated society and deepening poverty and inequality

In the mid-1990s, the Japan Federation of Employers' Associations (Nikkeiren) issued some reports that called for the restructuring of the Japanese employment system. These reports presented three patterns of employees (multi-tracking, diversification and fluidization) for the future in Japan.

However many Japanese large corporations adhere to the classic style of Japanese employment practices and most workers also want to maintain such practices, especially lifetime employment that starts with school graduation.

Actually the number employees within the classic model was reduced, the number of non-regular workers continued to expand under the poor employment conditions and many regular workers were forced to work hard for over long hours (about 15% employees in Japan work over 60 hours in a week according to the public statistics). The promise the prosperity within a corporate dominated society had already disappeared.

Deepening poverty and inequality (recently relative poverty rate grew over 16% in Japan) mainly caused by the deterioration of the terms of employment are back marks within contemporary Japanese society.

4 The Japanese party system after the end of LDP ruled regime

The LDP government (coalition with Kōmeito) gradually had lost its ability to govern from the beginning of the 2000s especially during the so-called Koizumi structural reform which reduced the public enterprise budget. The Koizumi structural reform was a distinct response to the pressures of world capitalism and it aimed to establish a neoliberal model of capitalism, but it destroyed some traditional political infrastructures of the LDP regime.

The opposition party DPJ (Minshuto) gained power in 2009, but the DPJ government could not establish itself as a stable ruling party. And recently an extreme nationalistic and xenophobic movement has arisen.

4-1 Rise and fall of DPJ, the difficulty of changing the socioeconomic order in Japan

The DPJ, formed from different opposition parties, had two major ideological directions; a neoliberal policy that aims at radical structural change similar to that of the Koizumi government, and a social democratic policy that plans to construct a European-style welfare state. After gaining power, the DPJ government could not produce a new employment policy or fundamentally reform the social security system because the socioeconomic based on the corporate dominated society remains, and Rengo also adhered to some practices of the corporate dominated society especially the male breadwinner model.

The DPJ government failed to have an agreement on moving US military base in Okinawa, and gradually lost government abilities. Consequently the DPJ was split on the taxation issues.

4-2 The LDP return to power and the confusion of contemporary Japanese politics

After its return to power, the LDP government aimed to promote economic growth again as in the rapid economic growth-era, and had no intention to design a new social policy or reconstruct the social security system.

Despite the evidence of deepening poverty, the LDP government aims at constructing an authoritarian social order in order to maintain social security.

And the present Abe government intends to improve Japan's international status by developing diplomatic strategies for the re-regulation of the Japan-US. Security Treaty regime that creates a distorted relationship for Japan (requiring its permanent subordinate independence under US. hegemony)

Conclusion

The structure of corporate dominated society in Japan collapsed in the 1990s, and the LDP regime supported by that structure also declined gradually. Nevertheless after the change of government in 2009, the corporate dominated society still asserts its influence over vast socioeconomic areas.

Some remaining characteristics of the corporate dominated society prevent Japanese politics from reforming the social security system and finance reconstruction.

If we continue to maintain the prosperity of corporate dominated society, we cannot succeed in yield an alternative policy, for instance electric power com-

panies nowadays reject suggestions for changes to the nuclear power generation plan.

Contemporary Japanese society where population is shrinking at a rapid rate faces grave problems concerning the foundation of a new alternative plan for a socioeconomic order which can replace the corporate dominated society.

However if we fail to make clear our prescription for a new socioeconomic order that can resolve some serious social problems especially deepening poverty and inequality, there is a danger that Japanese politics will lose its distinct orientation and attempt to break through many social contradictions by emphasizing the diplomatic crisis and military power as in the past.

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