

End of an “Urban Party”: Japan’s FTA Policies and DPJ



The Democratic Party of Japan

民主党

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1. Introduction

- A worldwide trend toward free trade policies
 - Bilateral Free Trade Agreements (FTAs)
 - Trans Pacific Partnership
- The DPJ's campaign pledges
- The DPJ government's trade policies

What explains DPJ's struggle / unwillingness to sign FTA after the power shift in 2009?

2. A worldwide trend for free trade

- An increase in the number of bilateral FTA
 - Over 100 FTA between 2000~09
 - Total about 170
 - For global competitiveness
 - Disappointment with WTO negotiations, APEC
- Pressure on the JPN gov
 - Fast moves of rival countries
 - Korea: FTA with ASEAN, EU, US
 - Disadvantages for JPN companies

3. Trade policies under the LDP gov. (1955~2009)

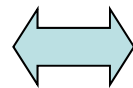
- Reluctant to engage in free trade arrangements
 - The Doha Round
 - No FTA with agricultural countries
 - US, Australia
- Trade protection for farmers
 - Average tariff rate on agr. products (about 11%)
 - Tight protection for some products
 - rice, wheat, dairy products, sugar

- Malapportionment
 - Overrepresentation of rural interests
 - LDP's reliance on rural votes

- Agricultural policymaking process
 - “Iron Triangle” in agricultural policy area
 - Farmers, Agricultural Coop (Nokyo), LDP

“Iron triangle”

- Farmers
 - Small and non-competitive farmers
 - Less than 3.0 hectare
 - Heavy reliance on gov subsidies and Nokyo
- Agricultural Coop (Nokyo)
 - Biz assistance for farmers
 - Consulting, marketing, finance
 - Political machine
 - Vote mobilization, lobbying
- The LDP
 - Clientalistic approach
 - Farmers’ vote



Trade protection, price support
Subsidies
Infrastructure development



4. DPJ's campaign pledges

Focus of DPJ trade policies since 1998

1. Promotion of free trade

- Removal of trade barriers, FTA
- Market competition



2. Income support program for farming household (戸別所得補償制度)

- Shift from price support to income support
 - Beneficial for consumers
- Common practice among other OECD countries

「政権政策委員会提言」(1999)

- 民主党は、市場原理を信頼し、自由な貿易・自由な市場経済を支持します
- 官僚の手による調整よりも、消費者の総意に基づく市場の調整に委ねる方がうまくいくと信じるからです
- 過剰な規制や政府の市場介入は、市場の機能を阻害し経済の活力を低下させるものです。経済活動に対する規制は、環境保護や最低賃金など社会的要請に基づく合理的な規制に限定して可能な限り撤廃し、市場の機能を高めて民間の活力と企業家のやる気を引き出す経済構造の改革を早急に推進していきます

「民主党政策集『私たちのめざす社会』」(2003年衆院選前)

- 民主党は、自由で多角的な貿易体制を強化し、WTO(世界貿易機関)の機能をさらに充実させる立場に立ちます
- 国際競争力強化の切り札と位置付け、FTAを積極的に推進します

- The power shift in August 2009
 - The victory in the HR election



- The DPJ gov and free trade policies
 - Only two FTAs (India and Peru)
 - No participation in TPP negotiation yet
 - No FTA negotiation with major trade partners
 - Not much difference with the LDP gov.

What explains DPJ's struggle / unwillingness to sign FTA after the power shift in 2009?

5. Existing studies

Factors that affect JPN's trade policies

- International factors
 - WTO framework (Pekkanen 2004, Yaguchi 2002)
 - Regional arrangements (Yoshimatsu 2006)
- Domestic factors
 - Electoral system (Horiuchi & Saito 2010, Sasada 2008)
 - Lack of political leadership (Solis 2010)
 - Interest groups
 - Keidanren (Yoshimatsu 2005)
 - Nokyo (Godo 2009)

Mostly about LDP's policies, not much about DPJ yet

6. Argument

- The DPJ's free trade pledges
 - The DPJ was an “urban-based party” represented urban interests
 - A “first district” phenomenon (一区現象)
- The DPJ's reluctance after the power shift
 - The DPJ is not an “urban-base party” anymore
 - Electoral success → a “catch-all” party

Figure 1. DPJ HC MPs Elected from Urban and Rural Districts (2001–10)

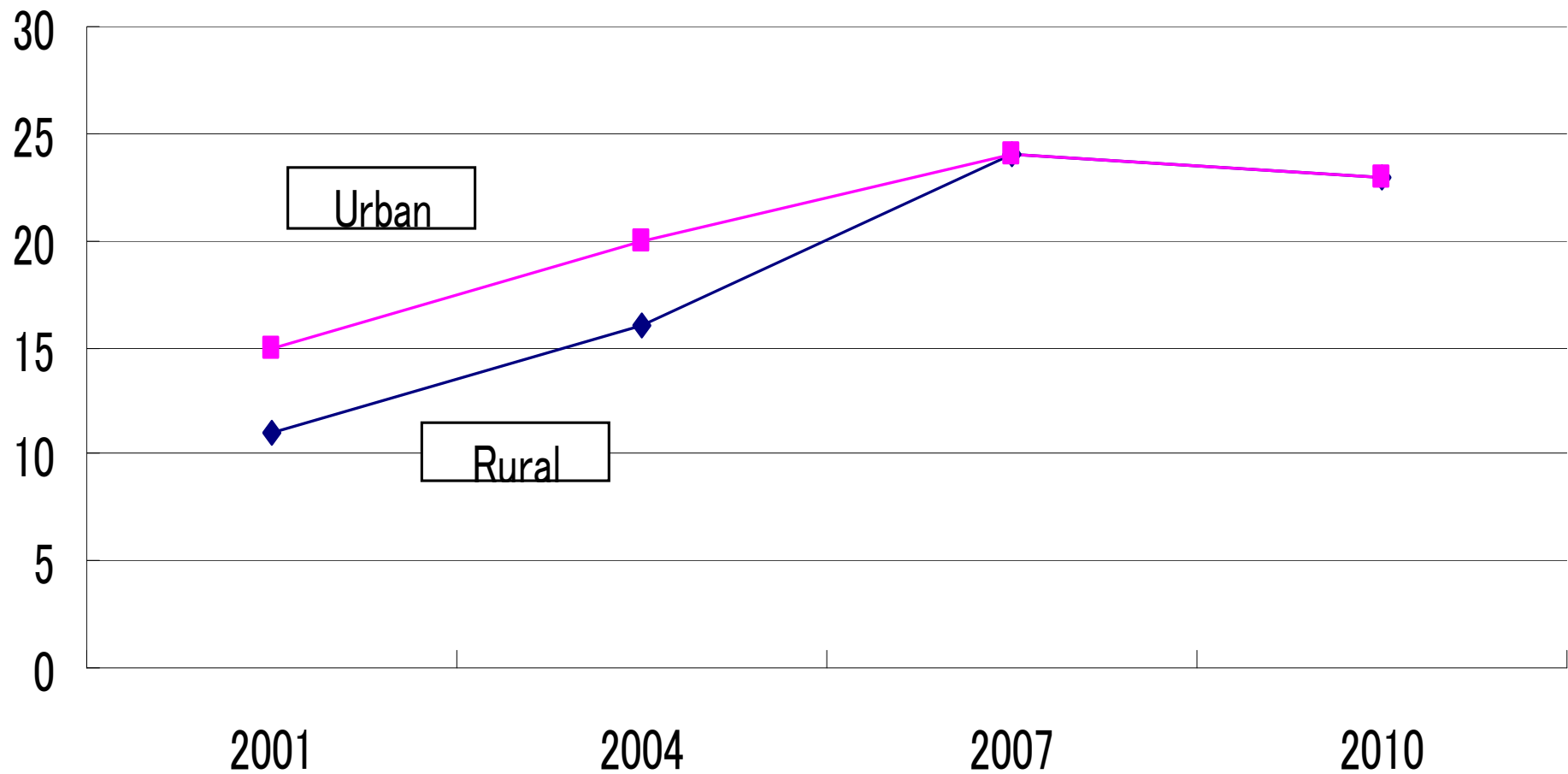


Figure 2. HR MPs Elected from the 1st Districts (2000–09)

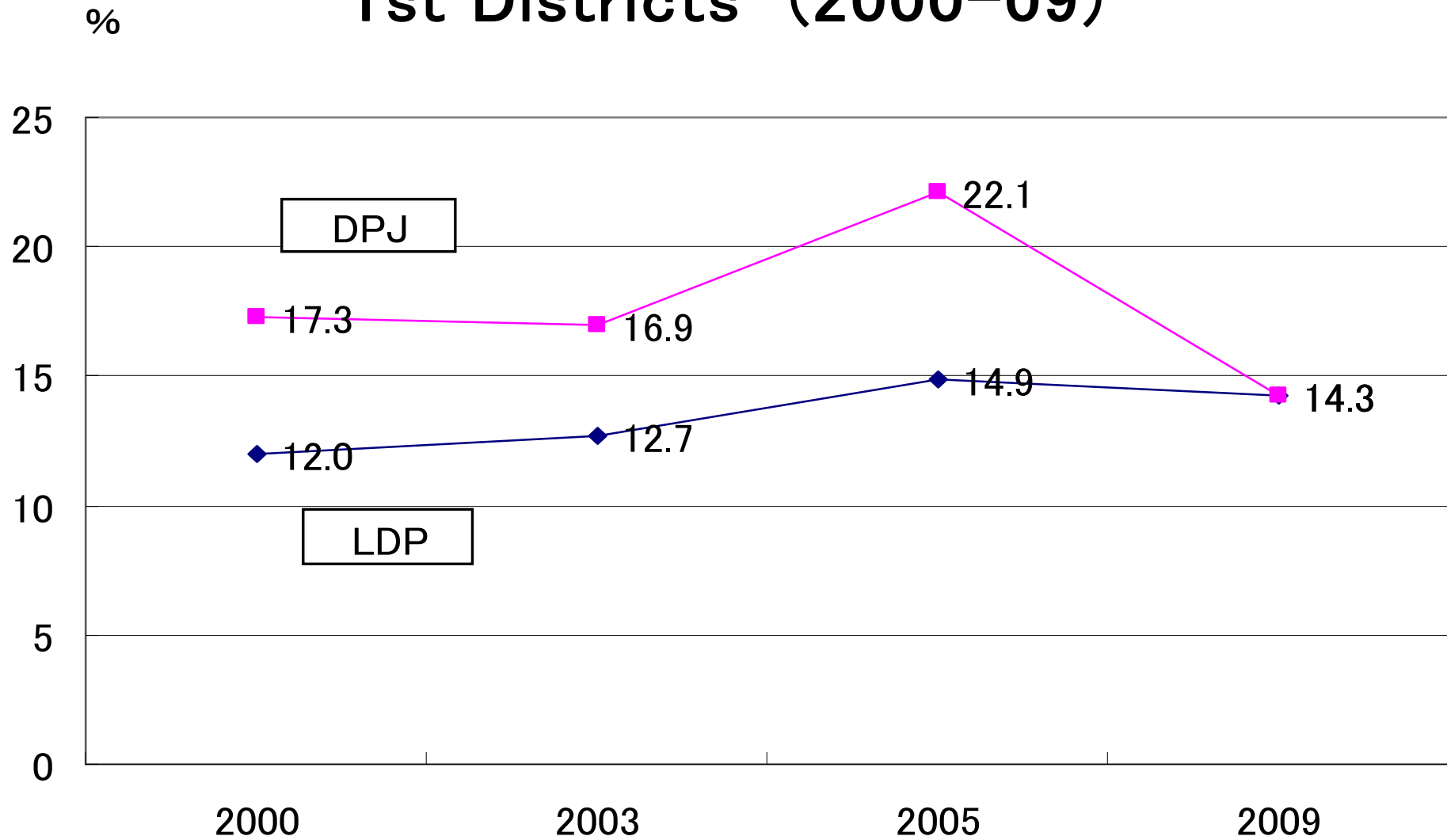


Figure 3. DPJ HR MPs Districts (2000–2009)

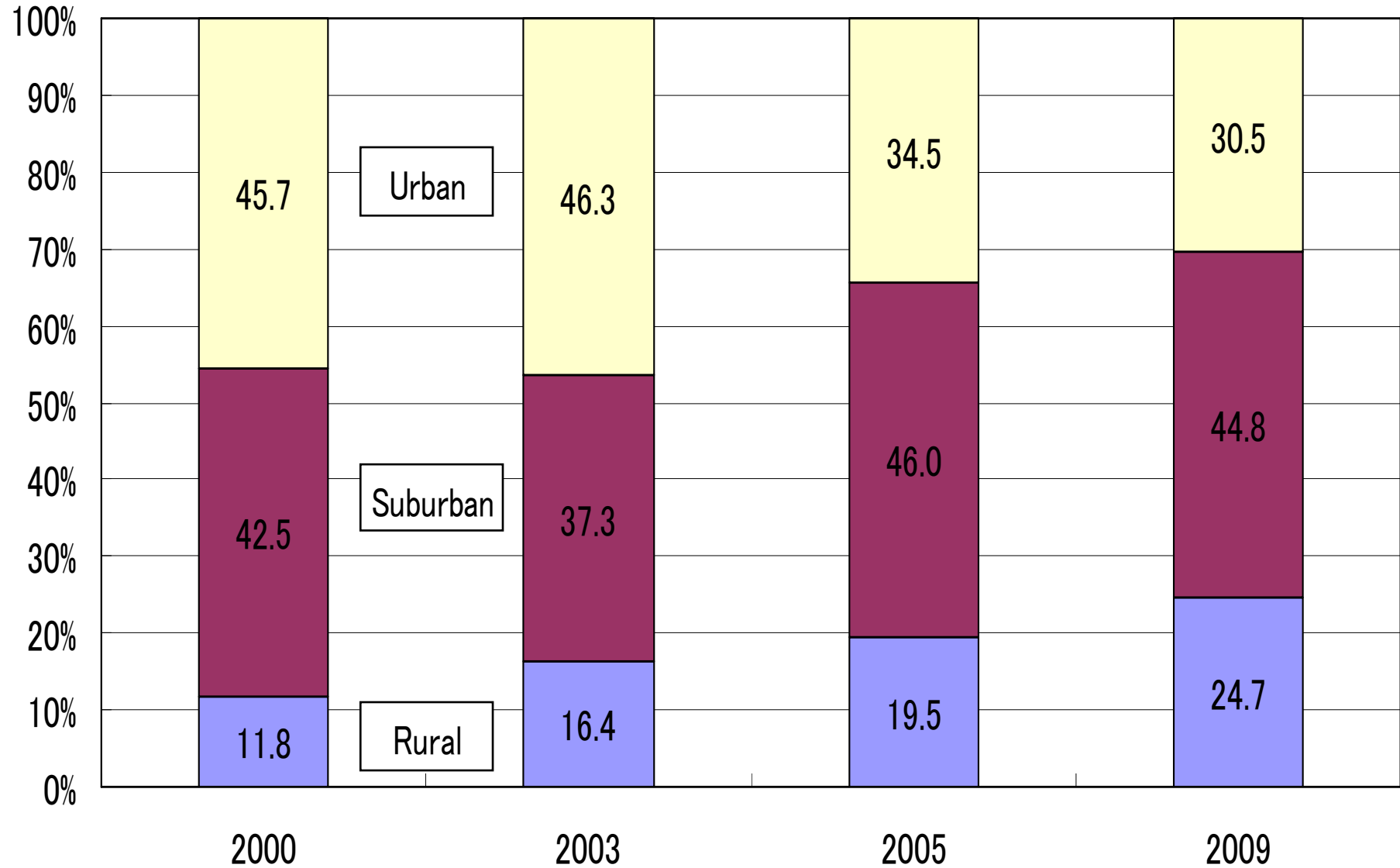
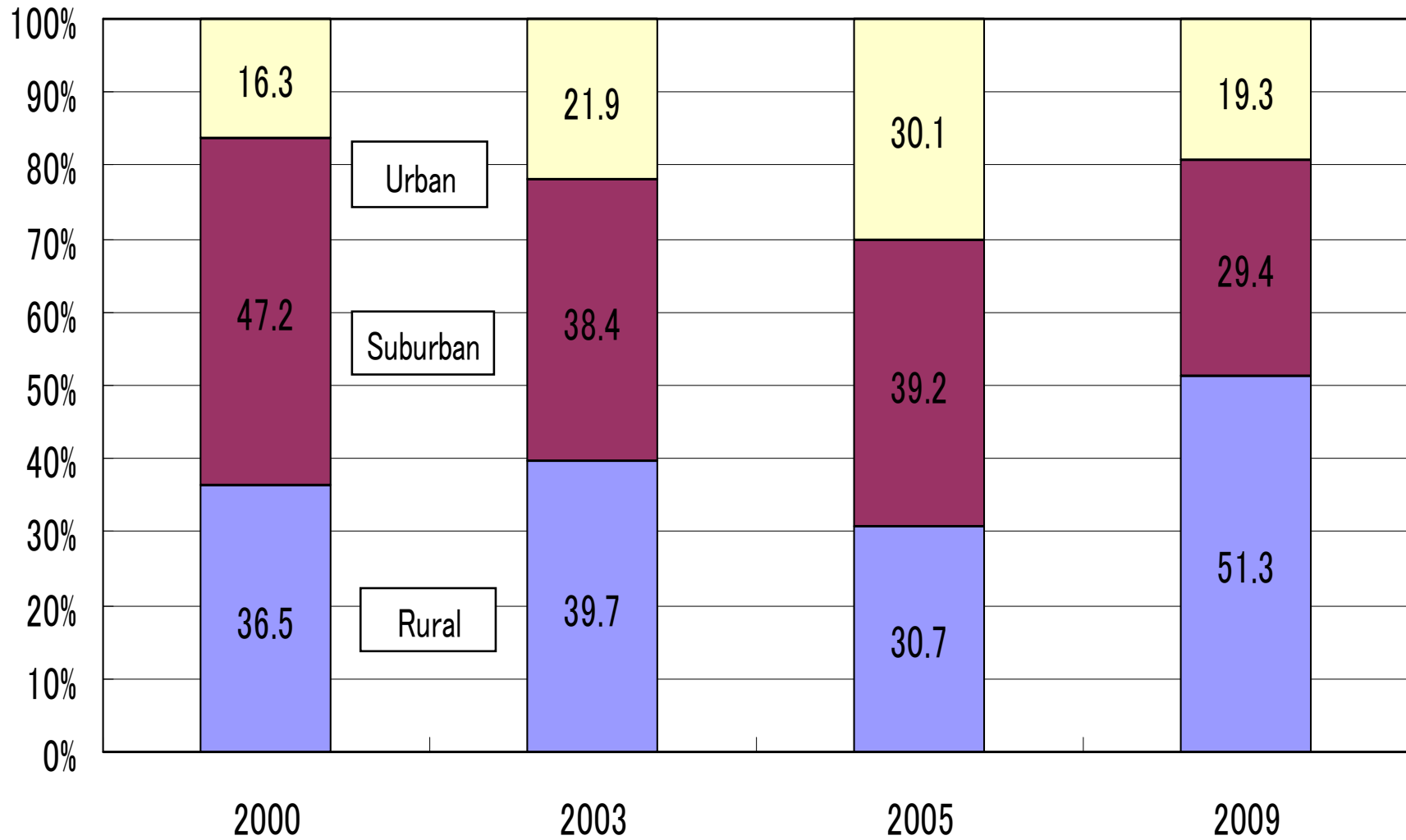


Figure 4. LDP HR MPs Districts (2000–2009)



Division within the 1st & 2nd Kan Adm.

Table 1: Pro-FTA MPs in the cabinet

Name	Post	District	
Naoto Kan	Prime Minister	Tokyo #18	Urban
Seiji Maehara	Foreign Min	Kyoto #2	Urban
Katsuya Okada	DPJ Sec. Gen	Mie #3	Suburban
Banri Kaieda	METI Min	Tokyo #1	Urban
Kaoru Yosano	Economic Min	Tokyo #1	Urban

Table 2: Anti-FTA MPs in the cabinet

Name	Post	District	
Masahiko Yamada	Agr Min	Nagasaki #3	Rural
Akira Gunji	Agr Vice Mi	HC Ibaraki	Rural
Nobutaka Tsutsui	Agr Vice Min	Niigata #6	Suburban
Takashi Shinohara	Agr Vice Min	Nagano #1	Suburban

The Noda Administration

Since 9/2



Table 3: The Noda Administration

Name	Post	District	
Yoshihiko Noda	Prime Minister	Chiba #4	Urban
Koichiro Genba	Foreign Minister	Fukushima #3	Rural
Jun Azumi	Financial Minister	Miyagi #5	Rural
[Yoshio Hachiro] Yukio Edano	METI Minister	Hokkaido #4 Saitama #5	Suburban Urban
Michio Kano	Agri Minister	Yamagata #1	Suburban

The Post-311 Factors

- Serious damages in Tohoku
 - Tohoku: major agricultural production region
 - Demand for agricultural protection
- Hardships of the industry
 - Appreciation of Yen
 - Electric shortage
 - More incentives to invest overseas → layoffs?
 - Demand for FTA

8. Conclusion

- Factors within the DPJ
 - From an “urban-based party” to a “catch-all” party
 - Increasing influence of rural-based MPs in the DPJ
 - DPJ party leadership vs. anti-mainstream [Ozawa children, many from rural district]
- Malapportionment
 - Encourage parties to overrepresent rural voice