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EDITORIAL

State and Construction in Japan: Permanent Factors Amidst Change

“For three years economic policy throughout the advanced world has been paralyzed, despite high unemployment, by a dismal orthodoxy. Every suggestion of action to create jobs has been shot down with warnings of dire consequences. If we spend more, the Very Serious People say, the bond markets will punish us. If we print more money, inflation will soar. Nothing should be done because nothing can be done, except ever harsher austerity, which will someday, somehow, be rewarded. But now it seems that one major nation is breaking ranks – and that nation is, of all places, Japan”.¹ These words are part of an article entitled “Japan Steps Out” which was published in the New York Times on January 13th 2013 and was written by none other than the economist Paul Krugman. He is certainly well aware of the implications of this policy for kick-starting the economy by the Liberal Democratic Party (LDP) leadership, and his enthusiastic support for it is in marked contrast

with the caution expressed by the other G20 leaders, especially by Angela Merkel. The German Chancellor has voiced her “worries” over Japan’s current monetary policy, by emphasising the risk of a return the “currency wars”.

These reactions show that the attempts by the so-called “Abenomics” to get Japan out of her deflationary spiral have already affected the thinking of people on the international scene. Apart from these international reactions, on the domestic scene Abe Shinzō’s promise to renovate Japan’s ageing infrastructure through investing in massive public works programs is reviving old memories of the expansion of wasteful expenditure, which the Democratic Party Japan (DPJ) had rejected.

However, the demographic, socio-political, and financial realities of present day Japan, combined with public opinion and the attitudes taken by the media, which are mistrustful of construction projects by the State, pejoratively known as *doken kokka* (“construction state”), no longer permit large scale projects of the

¹ New York Times, January 13th 2013.

kind undertaken between 1960 and 1980. The private enterprises undertaking housing and infrastructural projects have themselves altered their commercial strategies and building methods. This 29th issue of *Japan Analysis* is concerned with both the constant features and the shifts in the conception of construction and development in Japan, a country whose demographic decline is set to accelerate in the current two decades starting from 2010. It begins with an assessment of the years under the DPJ in the light of the program for rejecting aside “concrete” in favour of “people” (by Nicolas Morishita), and then goes on to consider the example of the Tokyo Sky Tree in order to review what is at stake for the various public and private participants in the urban renewal policies at the centre of Japan’s large metropolitan areas (by Raphaël Languillon). These contributions are followed by two translated articles. The first of these is a reflection by Yamaguchi Jirō on idealism in politics, leading on to a critical assessment of the DPJ’s three years in government (translated by Amélie Corbel). The second is an article by Kawaguchi Masahiro, who wonders about the LDP’s future energy policies (translated by Adrienne Sala).

Sophie Buhnik

CLOSE UP ON THE NEWS

1. “From concrete to human beings”: the Japanese Democratic Party’s desire to cut public expenditure.

- NICOLAS MORISHITA

In the elections to the legislature in December 2012, a little more than three years after electing the Democratic Party of Japan (DPJ) into office, huge numbers of the Japanese electorate switched their support back to the conservatives of the Liberal Democratic Party (LDP). In order to win power in the August 2009 elections, the DPJ had mounted a rather innovative campaign by putting forward a detailed program with specific figures, breaking with the usual vague promises of the LDP.² It set out its objectives, which were to give priority to the living standards of the population, and the means to achieve them, by reforming public expenditure. Although this was not

² “Minshutō seiken, shippai ni honshitsu: 2. Manifesuto bunka zassetsu, komakaku rekkyo, henka ni oitukezu (The DPJ government, and causes for its failure: 2. End of the manifesto culture, a detailed program does not mean a change)”, *Asahi Shimbun*, April 6th 2012.

formally set out in the campaign program or a manifesto, the media swiftly gave this method a slogan: “From concrete to human beings”.³ After looking closely at the DPJ program and campaign strategy, I will consider to what extent it has been implemented, and then raise further questions about the effects of its successes and failures on the December 2012 elections to the legislature.

Putting an end to State participation in construction

The DPJ manifesto presented a harsh assessment of the state of Japanese society, saying that the weakened state of increasing economic insecurity would put a burden on its future by neglecting the education of its younger generations and abandoning its elderly.⁴ Under Hatoyama Yukio’s leadership, the DPJ promised specific measures to solve these problems. These measures consisted in the proposal to increase maternity support to

³ However this slogan did appear in the 2005 DPJ manifesto, when the party was led by Okada Katsuya.

⁴ DPJ manifesto for 2009, p. 2, available at the DPJ website (www.djp.or.jp).

550,000 yen, a state-funded family allowance of 26,000 yen per child until school leaving age, and free education in public secondary education with equivalent support for the fees in the private sector. The DPJ also wished to raise the levels of social security support for single parent families. After several reductions, this support had been effectively suppressed by the LDP in 2009. The DPJ proposed not only to restore it but to extend it to single parent families consisting of a father and one child or more.⁵ These measures to support the younger generations were intended to combat the low birth rate by alleviating the financial burden of children's education. Following the same line of thinking, the DPJ undertook to establish free motorway access and to reduce certain taxes, especially fuel duties, in order to relieve household expenses. As for the elderly, the party wanted to be able to guarantee a monthly pension of 70,000 yen.

Through these commitments the DPJ planned to return about 7.1 billion yen⁶ to households in 2010, followed by 13.2 billion in 2013⁷, in support of its underlying economic strategy. By reducing the burden on households, the DPJ hoped to encourage them to consume more, and thereby to kickstart an economic mechanism fed by domestic demand.⁸

Because of their redistributive character, the DPJ measures resembled those favoured by the LDP throughout the post-war period, but they differed from them in their underlying universalism. This means that the social loans proposed by the DPJ did not come

⁵ Previously, only single parent families consisting of a mother and one child or more were eligible for this increase in social security support.

⁶ 1 billion = 1,000,000,000,000 yen.

⁷ DPJ manifesto for 2009.

⁸ See the report from the Research Institute for the Advancement of Living Standards, *Minshutō Seiken no seisaku to kettai shisutemu – Hatoyama naikaku wo chūshin ni* (DPJ Government: public policies and decision making – the Hatoyama cabinet), p. 19.

with qualifying income thresholds⁹: the family allowance of 26,000 yen per child applied to all households, irrespective of their income, and the proposal to extend the increase in social security payments to single father families, and free public schooling followed the same line of thought. In this way the DPJ wished to break away from the approach of the LDP which used social programs to target certain sectors of the population, a strategy not without underlying electoral aims.¹⁰

All these measures came fully costed, but the DPJ did not announce any tax increases in the manifestos drawn up before it came into office. To finance its program it promised to make savings by shuffling the budgetary allocations. Out of the 16.8 billion savings which it sought to make, more than half was to come from rationalising central government and reducing expenditure on public works. According to the DPJ, lightening the administrative burden would be achieved through doing away with the many public bodies attached to the ministries which shepherded certain civil servants into cushy sinecures after their retirement from public office. In addition a wave of decentralising measures was planned, in order to reduce staffing costs by 20%.¹¹

The announcement which most exactly exemplified the slogan “from concrete to human beings” was the proposed reduction of expenditure on public works. The DPJ promised to cancel the major infrastructural projects left over from the period of rapid expansion (1955-1973) which were now

⁹ See the report from the Research Institute for the Advancement of Living Standards, *Minshutō Seiken no seisaku to kettai shisutemu – Hatoyama naikaku wo chūshin ni* (DPJ Government: public policies and decision making – the Hatoyama cabinet), p. 5, http://rengo-soken.or.jp/report_db/file/1297660163_a.pdf.

¹⁰ On this point see Estevez-Abe Margarita, *Welfare and Capitalism in Postwar Japan*, New York, Cambridge University Press, 2008, 340 pages.

¹¹ DPJ manifesto, 2009, p. 4.

increasingly out of step with the socio-economic realities of present day Japan. The halt to the building of two large dams, the Kawaba dam in Kumamoto province and the Yamba in Gunma province, was highlighted to symbolise this break with the past. These dams were among those which aroused the most opposition in Japanese public opinion, with the media since the 1990s having broadly embraced the views of those local inhabitants who criticised the impact of these projects on the environment and the countryside.

By targeting the public works projects, therefore, the DPJ was going far beyond a straightforward reorganisation of public expenditure; it was taking on the whole of the LDP's political and economic order, and the ideology embodied in the system which made the State the source of construction. Indeed, since the 1970s and under the leadership of the LDP Japan had assigned to public works a higher proportion of its budget and GDP than most countries in the OECD.¹² The importance attached to public construction works, which was especially marked in the periods of economic slow-down in the 1970s and 1990s, still remained way above that which pertained in the other main industrialised economies until the mid-2000s. In addition to this almost automatic recourse to plans for kickstarting the economy through investments in public works, the conservative politicians responded to pressure from local communities by trying to retain the support of the rural electorate through promising them jobs, thanks to the expenditure on public works. Such expenditure enabled them to establish and make use of an electoral apparatus which gave them lasting political support, and that explains their interest in sustaining the public works

¹² In 1979, 6.42% of Japan's GDP went to public works, which was 2 to 3 times more than France (2.91%), the United Kingdom (1.78%), and the United States (1.86%). Similar proportions pertained until the late 1990s.

projects. This system was tolerated for a long time, but from the 1990s it was subjected to harsh criticism, summed up in the expression: the "construction state" (*doken kokka* in Japanese). Although the DPJ manifesto does not invoke this highly pejorative term, it is unambiguous on the topic, for example when a successful DPJ candidate explained that she wished to "destroy the policy of concrete".¹³

The DPJ was aware that to drain the resources from this builder State, it was not enough to just reduce the flows of public investment, and this explains its decision to inject a moral tone into politics, illustrated by its prohibition on conglomerates from financing political parties. By these means, it wanted to strengthen the government's power and limit the independence and influence of the civil service, with its links to the LDP and to business circles, by increasing the number of political appointments to head the ministries through the creation of an office for national strategic planning.

The reinforcement of the power of the government was also to be achieved through removing all interference by the party in government business. This would avoid reinstating the decision-making procedures in force under the LDP (characterised by the close involvement of the majority party in running the government and reaching policy decisions prior to any parliamentary scrutiny). Party interference sets up a duplicate decision-making system which gives unofficial influence to some parliamentarians known as the *zokugin*. These are experienced parliamentarians, with a specialist competence in one or more fields in which they may exercise genuine expertise, but in which their influence often serves their electoral interests. The institutional basis of their power is the

¹³ Komiyama Yōko, "*Konkurīto no seiji wo kowashitai* (I wish to destroy the policy of concrete)", *Gendai shisō*, no. 38-2, 2010, pp. 72-83.

Committee of Political Affairs (*seimu chōsakai*), where they scrutinise government projects. The DPJ's intention was to neutralise this organism, which also exists within their own organisation¹⁴, to avoid the re-appearance of any *zokugijin*.¹⁵ The latter play a controlling role in public works, moreover, by positioning themselves as intermediaries between the ministries and local bodies requesting subsidies. The DPJ also planned to reform these subsidies themselves, which were subject to further criticism for their so-called "restricted application"¹⁶ which diminishes local autonomy by imposing rigid rules on local budget management. The intention was to replace them with open-ended subsidies, in the form of a single block grant. This would represent a degree of decentralisation and would allow savings to be made through the elimination of redundant links between the ministries.

The DPJ's rhetoric therefore cut both ways. By criticising the public works projects it emphasised the misdeeds in the LDP's old methods but, by making the case for social programs it drew attention to the drawbacks in the neo-liberal turn taken in the early 2000s.

The program in practice: some limited successes but also some U-turns

On coming into office, the DPJ government set about implementing its program. On September 17th 2009, immediately after being appointed to head MLIT (Ministry of Land,

Infrastructure, and Transport), Maehara Seiji announced the cancellation of the Yamba and Kawabe dam projects. To this was added a freeze on motorway building. This decision was included in the first DPJ budget of 2010, which saw the allocations for public works reduced by 18.3% whereas social security and education received increases of 9.8% and 5.2% respectively.¹⁷ The latter increase was due to the establishment of free education in the public secondary schools, with the costs being transferred to the State. These were also extended to support the local public secondary school management bodies, to make up for their loss of income.¹⁸ The enlargement of the social security budget enabled the government to give concrete form to its symbolic promise on family allowances, aimed at alleviating the burden of their children's education. In 2011, under the leadership of Kan Naoto, who replaced Hatoyama as Prime Minister after the latter's hasty resignation, and in spite of opposition from the civil service, the "restricted application" subsidies were replaced by a single block grant, with the intention of strengthening the autonomy of the local administrations.¹⁹

Despite having some success, the DPJ rapidly came up against not only economic and budgetary realities, but also political ones, including even its own internal contradictions. Firstly, the economic crisis of 2008-2009, by reducing the GDP and therefore tax revenue, narrowed its room for manoeuvre. Although it introduced the family allowances, it had to limit them to half of the 26,000 yen it had promised, and since the State could not bear the full cost, it decided to make the local community bodies and companies contribute. The fall in tax revenue also made it give up the idea

¹⁴ Research Institute for the Advancement of Living Standards, *Minshutō Seiken no seisaku to kettai shisutemu – Hatoyama naikaku wo chūshin ni* (DPJ Government: public policies and decision making – the Hatoyama cabinet), p. 12.

¹⁵ DPJ manifesto, p. 9.

¹⁶ These subsidies are said to be of restricted application because they come with specific conditions for their use. For example, a subsidy for road upkeep cannot be used for school repairs.

¹⁷ *Zaisei kinyū tōkei geppō* (Monthly report of budgetary and financial statistics), www.mof.go.jp

¹⁸ http://www.mext.go.jp/a_menu/shotou/mushouka/index.htm

¹⁹ <http://www.cao.go.jp/chiiki-chuken/index.html>

of reducing the fuel duties to bring the price down.²⁰ As it was meanwhile having difficulty in controlling its expenditure,²¹ its strategy for redistributing the relative sizes of its budgetary allocations was affecting its overall balance. Although the party was able to cut the expenditure on public works, the cancellation of the other expenses which they considered wasteful raised many more difficulties. The assessments of the ministerial programs (*jigyō shiwake*), conducted through the media and aimed at making savings by cancelling programs which were no longer justified, did not meet government expectations.²² The budget for 2010 clearly revealed the limitations of the DPJ's approach: amounting to 92.3 billion yen, it was the biggest budget of the post-war years, because of the record issue of 44.3 billion yen in government debt, leaving a 48% budget deficit, the highest ever recorded. On the political level, it was above all its own contradictions which tripped the DPJ up. In order to strengthen the government and centralise its decision making powers, the DPJ chose to abolish its Political Affairs Committee and to limit the party's role to the conduct of elections. But that was not well received by many parliamentarians who were not in the central government. In the face of their discontent, Hatoyama and the party general secretary, Ozawa Ichirō, agreed to the formation of a *parliamentary study group for public policy (giin seisaku kenkyūkai)*. So despite their initial intentions, the DPJ found it difficult to ring-fence the role of the party. The latter ended up by taking over the requests for subsidies from the local bodies, which they

²⁰ “Zeisei taikō zaigen nashi ni kōyaku tōranu” (Tax directives: the lack of resources undermines promises), *Asahi Shimbun*, December 23rd 2009.

²¹ Research Institute for the Advancement of Living Standards, *Minshutō Seiken no seisaku to kettai shisutemu – Hatoyama naikaku wo chūshin ni* (DPJ Government: public policies and decision making – the Hatoyama cabinet), p. 22.

²² “Muda aburidashi, michi nakaba (Waste reappears, reform incomplete)”, *Asahi Shimbun*, May 30th 2010.

handled them in a centralised way under the control of the general secretary, Ozawa, in order to present them as a single document to the government.²³ But some of these requests conflicted with the government's own projects, particularly the one calling for free motorway access. The DPJ decided to entrust the financing of the motorways to the privatised former public bodies, thus going against its proposal to finance motorway building out of public funds in order to establish parliamentary control and limit wastage. Getting the motorway companies to finance the construction of new motorways made it difficult to establish free access.²⁴ The final outcome was that this project would be restricted to an experiment covering a few stretches of road.

These requests from its own grassroots brought the Hatoyama government back to the realities of the rural areas whose economies have long been maintained by spreading the benefits from the public works projects. While the State was cutting its expenditure on such works, several departments were doing the opposite. Particularly in the depopulated rural regions, the building and public works sector is a major provider of jobs, and the local elected representatives could not accept a cut in public works expenditure because that would lead to a rise in unemployment. Consequently, in addition to allowing 60% of the financing for road-building which was to have been frozen in 2010²⁵, the government also agreed to an arrangement for subsidising the public works expenses incurred by the local authorities.²⁶

²³ *Heisei nijūni nendo kokka yosan yotō santō jūten yōbō* (Requests from the tripartite coalition concerning the budget for the 2010 tax year), www.dpj.or.jp/news/files/yobo.pdf

²⁴ “‘Ozawa Yōbō’ ni Hatoyama seiken dōyō (The Hatoyama government hesitates in the face of ‘Ozawa’s demands’)”, *Asahi Shimbun*, December 18th 2012.

²⁵ “Dōro yosan fukkatsu (Back to the roads budget)”, *Asahi Shimbun*, February 27th 2010.

²⁶ “Kōkyō jigyō, nijūtofukēn de zo (Public works costs

The press echoed the support of the public for these moves in April 2010, when a parliamentary alliance was formed to double the expenditure on public works by the local authorities²⁷, under the chairmanship of Maeda Takeshi, a member of the LDP and former member of the Ministry of Construction.

Apart from this, the three successive DPJ Prime Ministers have not all shared the same intentions or methods. For example, the Political Research Committee abolished by Hatoyama was revived by Kan Naoto, and by Noda Yoshihiko; the latter, by deciding to re-establish prior scrutiny by the party drew criticism from the daily *Asahi* for bringing back the *zokugin*.²⁸ This was not the only U-turn made under the succession of Prime Ministers. In September 2009, Maehara Seiji made way for Mabuchi Sumio as head of MLIT, and the latter quickly made a declaration throwing doubt on his willingness to retain the freeze on the construction of the Yamba dam. Finally, in December 2011 the Noda administration, which appointed Maehara Takeshi as minister in charge of MLIT, announced that the project would be restarted.²⁹ Then the 2012 budget authorised the financing of many motorway, airport extension, and *shinkansen* rail projects.³⁰ Following the catastrophe on March 11th 2011, would the Noda administration have opted to return to the habits of the LDP,

rise in twenty departments), *Asahi Shimbun*, March 6th 2010

²⁷ “*Minshu ni kōkyō jigō suishi giren* (A parliamentary alliance in favour of public works in the DPJ)”, *Asahi Shimbun*, April 28th 2010.

²⁸ “*Noda shushō, seisaku kettei no ichigenka tekkai* (Prime Minister Noda ends centralised decision-making)”, *Asahi Shimbun*, August 31st 2011.

²⁹ “*Konkūrto kara hito he’ hōki* (“From concrete to human beings” policy jettisoned)”, *Asahi Shimbun*, December 23rd 2011.

³⁰ “*Fukuramu kōkyō jigō, fukkō ni magire fukkatsu kan nendo yosan* (Public works: expenditure explosion on the grounds of reconstruction)”, *Asahi Shimbun*, April 6th 2012.

i.e. to stimulating the economy through large-scale public works?

The return of the Liberal Democratic Party ... and its methods

The final obstacle in the way of the DPJ was the electorate, when the LDP won the 2010 elections to the Upper House. During the negotiations in the first quarter of 2012 over reforming the social security and tax systems, the new situation allowed the conservatives to make the DPJ drop the family allowance and restore the system which had been in operation until 2009, and even with further income restrictions.

Although the DPJ governments give the impression of having retreated as much as advanced, they nonetheless have marked up some successes. The first is their real effort to redirect the expenditure on public works towards social programs, even if it has not amounted to a thorough re-shaping. In spite of the efforts of the party and the dissenters, a measure of strengthened governmental authority was achieved, and it was marked by such successes as Noda Yoshihiko’s ability to push through an increase in purchase taxes. Under Ozawa’s leadership, the central management of the bids for subsidies did succeed in limiting the possibilities for the re-emergence of the *zokugin*.³¹ Paradoxically, one sign of the relative authority of the government over the party led to the authorisation, in December 2012, of the construction of the Yamba dam, since Maehara Seiji (who had rejected its construction and become chairman of the DPJ Political Research Committee after leaving the MLIT) was unable to prevent the government from turning it down.

³¹ Research Institute for the Advancement of Living Standards, *Minshutō Seiken no seisaku to kettai shisutemu – Hatoyama naikaku wo chūshin ni* (DPJ Government: public policies and decision making – the Hatoyama cabinet), p. 25.

Yet, as Kamikawa Ryūnoshin has observed³², these successes have not been very remarkable³³. In fact the democrats did not enjoy any goodwill on the part of outside observers or the press, while they had to manage what they inherited from the conservatives: namely, enormous public debt, the mistrust of the population towards the elite, and then the catastrophe of March 11th 2011. The campaign of 2009 would seem to have rebounded against the DPJ: its precisely specified and costed reforms provided its detractors and the media with an angle from which to attack them when they were not carried out to the letter.

The DPJ has also been caught out by its own history and composition, being the product of the fusion of several opposition parties in 1998, later joined by the conservative group under the leadership of Ozawa Ichirō in 2003. It seems to have defined itself by its opposition to the LDP, rather than through its own social projects, remaining content, as Yoshida Tōru³⁴ explains, to simply formulate seductive promises to all and sundry³⁵. Its conflicting relations with the government exemplify its contradictory aims: while it took pride in cutting the burden on the budget and the influence of central government along neo-liberal lines, at the same time it wished to set up social programs in unavoidable conflict with them. In the long run, the lack of a solid and consistent political platform could not prevent the internal divergences from finding expression in a series of U-turns followed by the split in the summer of 2012.

After the elections of December 16th 2012, the victorious LDP announced its intention to invest between 100 and 200 billion yen in public works over the coming decade, in order to renovate ageing infrastructures and take measures against possible natural disasters. But these were not the only aim behind such measures. In an interview with the review *Sekai*, the former chairman of the LDP, Takigaki Sadakazu did not hide the fact that it was a matter of protecting the provinces against globalisation and of maintaining the level of employment in the rural areas.³⁶ In effect, the conservatives announced their intention to reverse many of the reforms by the DPJ. The old “fixed application” subsidies, which the democrats replaced with open-ended ones, are set to make a comeback, because the LDP considers State control to be necessary.³⁷ Although the final decision has been postponed, they have also expressed their intention to reintroduce tax exemptions for households with one child, which the DPJ abolished in June 2012 to finance their family allowances³⁸. Whether doing or undoing, it is government as usual.

³² Lecturer in politics at Osaka University.

³³ *Minshutō Seiken no seisaku to kettei shisutemu – Hatoyama naikaku wo chūshin ni*, p. 29.

³⁴ Lecturer in politics at Hokkaidō University

³⁵ Yoshida Tōru, “*Minshutō seiken wa naze zeijaku na no ka* (Why is the DPJ government likely to crumble?)”, *Sekai*, April 2010, pp. 98-99.

³⁶ Tanigaki Sadakazu, “*Chiiki ni nezashite antei shita seiji wo tsukuru tame ni* (For a stable firmly grounded policy in the provincial areas)” *Sekai*, January 2013, p. 116.

³⁷ <http://mainichi.jp>, January 14th 2013.

³⁸ “*Nenshōfuyōkōjo fukkatsu sakiokuri* (Adjourning the reintroduction of child tax allowances)”, *Asahi Shimbun*, December 28th 2012.



2. The Tokyo Sky Tree: behind the symbolism, the interests of the large private conglomerates.

- RAPHAËL LANGUILLON-AUSSEL

The Tokyo Sky Tree symbolises an urban renaissance in Tokyo

Greater Tokyo, with its 35 million inhabitants, is the largest conurbation in the world, and its GUP (gross urban product) which matches the GDP of France, makes it the richest and most productive urban area on the planet. Nevertheless, since the 1990s Tokyo has had to confront a series of economic crises (the bursting of the financial bubble in the 1990s, the Asian crisis in 1998, and the sub-prime mortgage crisis in 2008) which have undermined its dynamism, its prestige, and its attractiveness, in the face of the rapid development of other centres in the Asia-Pacific region: i.e. the coastal areas of China, South Korea, Taiwan, Singapore ... In addition the Tōhoku earthquake in March 2011 reinforced the impression of a country in decline with a capital city over-exposed to “natural” risks. It was nonetheless in this unfavourable climate that the Tokyo Sky Tree, the second highest building in the world after the Burj al Khalifa, was built. How can such gigantic undertakings be explained, given their stark contrast with the Japanese capital's economic situation?

Star architecture and its gigantic progeny in Tokyo

The Tokyo Sky Tree, which was opened on May 22nd 2012, is a radio and television tower located in the Sumida quarter (Sumida-ku) in north-east Tokyo, which is traditionally part of

the capital's “lower town” area (*shitamachi*). Its height of 634 metres makes it the second highest in the world, and the transmission tower is the highest on the planet's surface. The Sky Tree offers two viewing platforms at 350 and 450 metres above the ground, and is part of a commercial complex named *Sora Machi* (Sky City). The latter includes an aquarium, a planetarium, and a number of restaurants and shops, amounting to a total number of 300 premises covering 230,000 square metres.

The original impulse behind the building of the Sky Tree arose from the problems around the Tokyo Tower, which was a replica of the Eiffel Tower and operated as a terrestrial relay station for radio and TV broadcasting. It was built in 1958 in the central Minato quarter, but in the 1990s it was surrounded by high-rise buildings which interfered with its radio wave transmissions. So the Sky Tree grew out of the desire to build a tower which would be both higher and located in a less congested area. But that intention alone is not enough to explain the gigantic proportions of the Sky Tree project, whose costs rose to 550 million euros (65 billion yen). But if the adjacent commercial and housing developments are taken into account, the total cost of the project was 143 billion yen (1.5 billion euros). The main financial providers were a public television channel (NHK), six private television channels, and above all, the private railway company, Tōbu Railway. The latter effectively played the central role in building the Sky Tree, so the strategy of the Tōbu group needs to be considered.

A complex interplay around Tōbu Railway and the city's Sumida quarter

The central actor in promoting the project was the privately owned company, Tōbu Railway. Chronologically, the Sky Tree project began in 2003, when six radio and television channels

banded together to build a new 600 metres high transmission tower. At that time it was known as the “New Tower Promotion Project by Six Operators in Japan”. One year later, in December 2004, the local government of the Sumida quarter entered into negotiations with Tōbu Railway to bring them on board, and received a favourable response from the company in February 2005. A month later, in March 2005, the site at Oshiage was the chosen favourite for the building of the tower. That site was finally reserved in March 2006, giving rise in May to the establishment of the New Tokyo Tower Co. Ltd, to oversee the project. The name, Tokyo Sky Tree, was officially adopted in June 2008, and the company managing the project was renamed the Tōbu Tower Skytree Co. Ltd. Construction work on the tower started in July 2008 and was completed in December 2011. During the project development period, however, the two principal actors (Tōbu Railway and the Sumida local government) had very different interests.

Contrary to what might have been expected, it was the Sumida council which pushed Tōbu into taking over the project which, at first, did not interest the railway company because of the costs which it would have to bear. The Sumida local government's decision to press Tōbu to take it on had two motives. On the one hand, Tōbu is a well established company in the Sumida quarter, with unused land in Oshiage which the Sumida administration wished to see used in the context of a vast redevelopment project. This was intended to help re-inject some dynamism into the colourless zone of the lower city through a wide-ranging program of commercial and residential “gentrification”.³⁹ Moreover the Sumida administration also wished to set up a huge redevelopment project to reinvigorate the whole of the “lower

city” in order to compete with the major urban renewal projects in Shinjuku, Shibuya, Odaiba, and even Minato and Chūō. The final objective was to build a vast commercial and tourist complex which would link the Oshiage area with the Sky Tree, and with the tourist area of Asakusa together with the historic buildings around the Sensō-ji shrine. This desire to install an unbroken link between the two sections of the Sumida quarter explains the presence of many architectural references in the Sky Tree to the traditional Sensō-ji area, two of which are particularly striking.

The most obvious link with traditional Japanese architectural culture concerns the many references evoked by the tower. For example, the slightly curved shape of the weight-bearing columns give the tower a profile which calls to mind Japanese sabre sheathes. Similarly, the earthquake-proof structure of the tower refers directly to the five-storied pagodas, known as *shimbashira seishin*, of which the Sensō-ji is a famous example: its single central column, standing independently of the outer wall, allows seismic shock waves to be attenuated by counterbalancing the external movement with an internal counter-movement.

A second example of the reference to traditional Japanese architecture, linking the Asakusa complex to the Tokyo Sky Tree and symbolising the urban continuity intended by the Sumida administration, is the resemblance between one of the floors of the *Sora-machi* commercial complex and the *shōtengai* (commercial streets) around the *Sensō-ji* (see photographs 1 and 2). In this respect, one of the themes picked up by those in charge of the *Sora-machi* commercial gallery was its “*Atarashii kedo natsukashii*” (“Modern but nostalgic”) aspect. The fact that the traditional Japanese trading streets are being challenged by competition from modern shopping malls and commercial galleries is ironically denied here by the architectural and visual continuity

³⁹ This term, a familiar term in Britain, denotes the process whereby the social and economic aspects of an urban area are raised to accommodate a higher social stratum.

explicitly assumed by the promoters of the Sky Tree.

For Tōbu Railway the stakes were not the same as for the Sumida quarter. Tōbu was a company which owned unused railway land in the Oshiage sector, where it also had its headquarters. This unused space was the site of a marshalling yard which had closed in 1993 when the company ceased its freight operations. This freight depot used to link Tokyo with northern Japan and allowed for the off-loading of freight from the now restored canal which runs alongside the Tokyo Sky Tree complex. Nevertheless, despite this ideal location, Tōbu was not thinking of building a tower or a commercial complex there, but rather some high value condominiums as part of a large-scale gentrification program.

This residential plan, now supplanted by the Sky Tree and the *Sora-Machi*, was consistent with the traditional strategy of the private railway companies. In fact, these companies played a founding role in the urban development of the major Japanese conglomerations. Since the 1920s, the strategy of the private railway companies has evolved around three major axes: residential developments, commercial developments, and tourism and leisure developments. The object was always to offer railway customers a complete package linked to maximum use of the railway services: residential developments around the stations to increase railway use, commercial developments around the major stations, and tourist attractions and parks at the end of lines to generate daytime traffic flows in the opposite direction. In these ways the railway companies contributed to creating city areas around the stations, as well as to increasing urban densities and the finger-shaped extension of the cities outwards. Tōbu's original strategy fell within this pattern, with its intention to build a complex of condominiums to increase the population density in the

Oshiage zone located on a line linking northern Tokyo (Saitama prefecture) to the heart of the conurbation (the commercial developments are located further downstream, towards the centre of the conurbation, and there is a centre for tourism in Nikko, in the north of Tokyo).

However, the residential project was discouraged by the Sumida authorities, who encouraged Tōbu to take over the management of the Sky Tree. The fact that Tōbu agreed to take on the Sky Tree development tells of a small revolution in the firm's strategy. Instead of gentrifying the Oshiage area through residential developments, the new gentrification through commerce and tourism falls outside the usual strategy of the railway companies, being closer to that of the real estate builders like Mitsui, Mitsubishi, or Mori, who in the past have overseen similar projects. Roppongi Hills and Tokyo Midtown are the two best known examples of this. Still, for Tōbu Railway the benefits have been far from negligible. The objective of increasing rail traffic has been successful, thanks to tourism. The expected number of tourists for 2012 is reckoned at 5.4 million, rising to 25 million per year after 2013, which is the same as the number of visitors to the Tokyo Disney Resort. In addition, Tōbu has been quick to profit from the positive collateral economic effects. Whereas the share prices of the railway companies have been falling for several years, owing to a decrease in rail traffic, Tōbu Railway shares rose by 25% in 2011. This rise looks set to continue, thanks to a 150% rise in passenger numbers using the Oshiage station between June 2011 and June 2012, even without taking into account the windfall due to ticket sales to visit the tower or the frequency of visits to the *Sora-Machi* commercial complex.

A metropolitan strategy

The Sky Tree tower has been the object of intense city-wide marketing, not only on the

part of Tōbu but also of the Tokyo metropolitan administration. The Sky Tree is becoming the symbol of a certain rebirth of Tokyo in at least two respects, firstly in terms of a recovery of dynamism and economic influence, and secondly in terms of recuperating from the seismic catastrophe on March 11th 2011. From now on the tower is a participant in the international competition between global cities, or more precisely between those in the Pacific area. So, for example, the tower was originally intended to be 610 metres high, but the height was increased because in 2008 a telecommunications tower was inaugurated in Guangzhou, China, which was also 610 metres high. To prevent the Chinese city from competing with the Tokyo tower, the latter's height was raised by 24 metres. The height of 634 metres is written as "Mu.Sa.Shi" in Japanese (or "six. three. four"): this is also a nod to the former province of Musashi, which used to include the present Tokyo prefecture along with parts of the prefectures of Saitama and Kanagawa. In the Ainu language Musashi meant "fertile plain". Kamei Tadano, the architect in charge for the Nikken Sekkei company, which designed the Sky Tree architecture, wanted the tower to be, in his words, "an everlasting symbol of Tokyo [with a structure that] transcends time and space". The Sky Tree is a response to a huge operation of urban promotion, and is on course to become one of Tokyo's tourist attractions. The tower is often presented as a stopover point between Narita airport and Tokyo city centre, midway on the airport shuttle line linking Narita to Ueno.

Photo 1: A setting which evokes an old Asakusa traders' street or *shōtengai*, located in the Sora-Machi complex (Tokyo, Sumida-ku) August 30th 2012. Photo by R. Languillon



Photo 2: An actual traders' street or *shōtengai* in Asakusa (Tokyo, Sumida-ku) May 16th 2010.
Photo by R. Languillon.



POINTS OF NEWS

3. YAMAGUCHI JIRŌ,

“For a politics in pursuit of ideals, instead of forgetting” [Bōkyaku no seiji dehanaku, risō wo tsuikyū suru siji wo] – Sekai, January 2013, pp. 76-83. (Translated from the Japanese source by Amélie Corbel).

Professor Yamaguchi teaches political science at Hokkaidō University, and has been a strong supporter of the Minshutō (Japanese Democratic Party: DPJ) since it was founded in 1996. Often referred to as “the brain of the Minshutō”, he was invited by several distinguished parliamentarians from the Party to reflect on the Minshutō’s record and its proposals for the elections in December. Although the sudden dissolution of the Lower House did not give him time to produce his report, he has been able nonetheless to observe the DPJ at close quarters.

Looking back on the events of November 2012

After September 2012 and the cabinet reshuffle, the weakening position of the Noda

administration was palpable, and its fall was only a matter of time.

On November 12th, several newspapers carried banner headlines foretelling the imminent downfall. The rumour was spread as a result of a meeting of the party leadership. During the debate on November 14th between the Prime Minister and Abe Shinzō, the chairman of the Jimintō (the Liberal Democratic Party: LDP), Noda made the following offer to the opposition: in exchange for its co-operation in getting several bills passed (including the one providing for a reduction in the number of seats in the Lower House), the Prime Minister promised to announce the dissolution of the Assembly on November 16th. These conditions were accepted by the LDP leadership; there followed a quick vote on the issuing of treasury

bonds to finance the current deficit, and on a lowering of the number of members of parliament.

On November 16th, the Lower House was dissolved. That afternoon the Prime Minister called a press conference where he outlined the five major issues in the Minshutō's program for the coming elections:

1. The establishment of lasting social security provisions based on the people's contributions;
2. Support for economic innovation and adoption of the Trans-Pacific Partnership (TPP);
3. An end to reliance on nuclear energy by 2030;
4. The establishment of realistic and moderate ("healthy") diplomatic relations;
5. Political reform aimed at ending the domination of Parliament by political dynasties.

The disorder created by Noda's over-hasty decision to trigger new elections

Noda's decision on the spur of the moment to dissolve the government amounts to abandoning all reflection on the program to be put to the electorate, and on the positions to be taken against the LDP. If the majority of the Minshutō parliamentarians were against an immediate dissolution, that was not only because they wanted to prolong the existence of their cabinet. In the light of the opinion polls expressing dissatisfaction with the DPJ, they wanted more time to ensure the necessary preparation of a political program capable of confronting both the LDP and the third political force which was emerging.⁴⁰

⁴⁰ This alludes to the new political party formed out of the union of the party led by the mayor of Osaka, Hashimoto Tōru (*Ishin no Kai*), and the party set up

I had the opportunity to meet several parliamentarians between November 13th and 15th. While some of them limited themselves to calling Noda's decision rash, for others it was the last straw which pushed them into resigning from the party. This range of responses reflects the parliamentarians' perplexity and anger in the face of Noda's decision to dissolve the Parliament, and then to throw himself into the electoral battle without any rallying slogans.

The five program points announced by Noda at the press conference, with the exception of participation in the TPP, were very close to what I myself, as a professor of political science and a social democrat, had proposed to the Minshutō. Once the shock of his over-hasty dissolution had passed, I recovered a measure of confidence when I heard Noda raising the tone of the debate and criticising the LDP, for its continuing support of nuclear power and for its return to the waste of money on public works. But there was a mistake was in failing to take the media reaction into account. The main lines of the party's program announced by Noda had been completely swept away by his dissolution of the Lower House, which had given rise to extremely bad media coverage. Moreover, even after clearly announcing his abandonment of the nuclear option, Noda did not manage to prevent the resignation of the party's most vehemently anti-nuclear parliamentarians.

But Noda's real mistake was to have reversed the order of the moves needed to prepare for the elections. The five major policy directions should have been debated with the opposition through a direct confrontation with Abe Shinzō, and not simply announced in a press conference. In addition, informing the members of parliament in advance of his decision to dissolve the Assembly in

by Ishihara Shintarō to fight the elections in December 2012 (following his resignation as governor of Tokyo in October 2012).

mid-November would certainly have enabled the party to be better prepared for the elections and would have avoided the resignation of a considerable number of its members. This reversal of the priorities to be followed was the major reason for the crushing defeat which the Minshutō braced itself to endure.

Of course, the Minshutō parliamentarians are equally to blame. The end was fully deserved for a democratic party which opted to base its alternative political vision on overthrowing the LDP rather than on bringing about a better society.

More or less justified criticisms

[...] The DPJ has been criticised regularly for not having kept its campaign promises [Note: those made in the 2009 campaign]. However, these criticisms mainly reflect the fact that party politics⁴¹ have not yet taken root in Japan. Firstly, it is impossible for a party to implement *all* of its electoral promises. Secondly, a more balanced perspective on the politics of the last three years allows one to say that the implementation of several of the political projects has been largely compromised by unforeseen events like the loss of our majority in the House of Councillors (following the defeat of 2010), the catastrophe in March 2011, and the huge challenges which resulted from it [...]

Still, there were major achievements in sphere of “citizens’ sovereignty” (*minshū shūken*) which was a priority project for the Minshutō, through the revised law on

⁴¹ Party politics means a politics operating around an opposition between at least two parties. It is important to bear in mind that for several decades there has been no alternation in Japan. Although there was an opposition (the Japan Social-Democratic Party), the latter had neither the ambition nor the ability to take over the reins of power.

non-profit organisations,⁴² the introduction of tax incentives to support donations, and several decentralisation measures (at whose heart is the principle of block grants which obviate the special conditions imposed by central government on its financial support to the departments). In the sphere of social security, which was the second plank in the Minshutō’s proposals, several successes should be noted: the increase in family allowances, free secondary schooling, the establishment of the legally binding principle of support for the handicapped, and the restoration of additional support for single-parent households (where the mother is the sole carer).

As for the third plank, namely sustainable development to protect the environment, although the “Hatoyama initiative” for its promotion was announced amid great fanfare, it must be admitted that there have not been any concrete results.⁴³ Nevertheless, with regard to environmental issues, the government’s decision to abandon nuclear power following the Fukushima accident is a major turning point, even if its realisation is still subject to discussion. In sum, despite the disappointing results, the Minshutō has undeniably managed to introduce promising political reforms.

It is for that very reason that the economists, the media, and some of the civil servants nostalgic for the LDP era, have all attacked

⁴² These are often known as NPOs, after the English *non-profit organizations*.

⁴³ Announced at the UN Summit on Climate Change in Copenhagen in 2009, “the Hatoyama initiative” consisted in a preliminary undertaking to reduce Japan’s total greenhouse gas emissions by 25% of the 1990 levels by 2020. Believing that the more developed countries should not only set an example but even help the poorer nations in the fight against global warming, Hatoyama declared that Japan was ready to provide technical and financial assistance to States more vulnerable to the effects of climate change.

the Minshutō. One of the lessons made clear by the change of government is persistence of a strong conservative pole in the field of Japanese politics. To say that does not mean giving way to a persecution complex or conspiracy theories. But it is a fact that immediately after the Fukushima nuclear accident, the situation was made worse by the false information put into circulation in the Nagatachō⁴⁴ and by some of the media, claiming that Prime Minister Kan Naoto had asked for the injection of sea water into the reactors to be suspended. Two leading figures in the LDP, Abe Shinzō and Tanigaki Sadakazu, spread these lies to wider circles, the first in his personal blog, and the second by using those assertions to attack Kan during parliamentary question time. Nonetheless the mendacity of this misinformation quickly became apparent. Some journals have revealed that certain civil servants from the Ministry of the Economy were behind this misinformation. In a reverse case, when a Minshutō parliamentarian was said to have passed on false information to discredit the general secretary of the LDP, the media did not refrain from criticising his conduct, leading to his resignation ... In the same way, when the governor of Tokyo Ishihara Shintarō, left his post to set up a new party in October, the media focused mainly on the negatives aspects of his record, like the failures of his policies in the city or the various insults he uttered which showed his contempt for human rights, but none of them emphasised the leadership of which he also showed himself capable in office.

Thanks to the change in government and the accession of a party following a centre left agenda, the above-mentioned political distortions were at last made visible. The

⁴⁴ This is a metonymy which designates the Japanese Diet and government by naming them according to the quarter in Tokyo where they are located. Similarly, Kasumigaseki, being the location of the ministries, refers to the administration.

shift in power gave rise to a feeling of crisis in economic circles, in the world of the energy industries, and in the foreign business mafia (*gaikōmafia*) who, fearing that their assured positions were being questioned, hastened to launch an attack on the Minshutō.

That is why the Minshutō ought to have taken much more care in how it governed the country, by trying to rally public opinion to their side. Instead of that, the childish behaviour in the conduct of the government and the party will turn out to have been fatal.

The Minshutō's real mistake was its shift to the right

There are several reasons why, over a period of three years in government, the Minshutō, which claimed to be part of a centre left trend, lost the confidence of the people and swung to the right.

Firstly, with regard to financing its redistributive policies, one cannot help noticing the lack of co-ordination between *taking account of reality* and *following fixed prescriptions*. The Japanese left is by tradition strongly against taxation, which has its origins in an anti-state mindset. That is why Japan has never implemented truly social democratic policies. What is more, the Minshutō's anti-bureaucratic pronouncements ended up causing it damage, insofar as they led it to reject any possible tax increases. As for the expenses deemed "wasteful" (or "money chucked out of the window") by the opposition, and widely spread by media devoid of all common sense, it would have been enough for the Minshutō to explain clearly the kind of society it was trying to achieve, but it failed to do so, describing instead a vision of a State with a single mode of provision for all.

Secondly, the Minshutō was criticised by the new populist forces for the gap between the

kind of political governance which it called for in opposition and the kind it practiced when it was in office. When in opposition, one can spend hours criticising the reorganisation of the budget or the reform of public services, but when one is in government, things do not change as quickly as hoped for; then one becomes the target of the new opposition using the same old arguments. That is in fact what happened to the Minshutō. In addition, a not inconsiderable number of those who had supported the Minshutō when it took power in 2009, gradually turned away from it, attracted by the new populist forces.

Thirdly, its immaturity in foreign policy was another source of disappointment. It goes without saying that the failure to resolve the problem of the American bases on Okinawa (leading to the resignation of the Prime Minister Hatoyama) took the wind out of the sails of the new government. In addition, in the face of the intensification of the territorial conflicts, although the Minshutō managed more or less to overcome the waves of nationalism, it did not have sufficient political skill to find a way out of the problem.

Finally, it is worth pointing to the weakening of the Minshutō's centre left position on the broader political chessboard. At the time when Ozawa Ichirō's ideas held sway, the Minshutō really did have a centre left ideology and a conception of political power clearly opposed to neo-liberalism. Moreover the former Prime Ministers, Hatoyama and Kan, who had led the party since its foundation, took a personal stand on the centre left and that made itself felt throughout their terms in office.

However, when that troika retired, owing to criticisms arising from their poor conduct and the whiff of financial scandal, it was the conservatives fresh from the Matsushita Institute of Policy and Management, such as Noda Yoshihiko and Maehara Seiji, who took

over the party.

Under the Noda administration, the Minshutō quickly took a conservative turn, trying to please the economic experts and the United States (...). The party's swing to the right was also characterised by a greater propensity to prefer the use of military force in cases of conflict, and by increased appeasement of the chauvinists. With the Jimintō on its right, and the Association for the Restoration of Japan (the new party created by the former governor of Tokyo, Ishihara, and the mayor of Osaka, Hashimoto) positioning itself to the right of the Jimintō, it is rather the whole of the Japanese political chessboard which has swung to the right.



4. KAWAGUCHI MASAHIRO,

“Where is the new LDP government’s energy policy going? For a more dynamic renewable energy sector and a return to using nuclear power stations” [Jimintō shinseiken no enerugī seisaku ho doko ni mukauka] – Sekai, February 2013, pp 137-143. (Translated from the Japanese source by Adrienne Sala).

Kawaguchi Masahiro was born in 1964, graduated in literary studies from the University of Sophia, and is a member of the editorial board for the economics section of Mainichi Shimbun. After overseeing of the economic news for the journal’s coverage of the Osaka region, he now works at its main office in Tokyo. Kawaguchi is mainly concerned with covering news items linked to the Ministries of the Economy and of Foreign Affairs, the Bank of Japan (banking and insurance), the financial world, the energy industries, and the Ministries of the Interior and of Communication (Sōmusho).

The shortage of energy is insufficient grounds for a solid argument

Where is energy policy headed in 2013 under the new government? Behind this question lies the problem of a return to the use of nuclear power stations. Next July, the new Japanese nuclear regulatory authority will have to decide on new safety standards, based on the results of research into the risk of the presence of active faults beneath some of the power stations.

During the summer of 2012, the Kansai Denryoku electricity company pointed to an energy shortfall of around 14.9% likely to cause power failures, based on official figures, in order to justify its demand that the government approve the return to using the nuclear power plants. This approval has been granted only in the case of reactors number 3 and 4 at the Oi site. However, at the height of the summer of 2012, there was no imbalance between the supply and the demand for electricity despite the nuclear shutdown, showing that there was a sufficient supply capacity at the national level. An identical availability of power is forecast for the summer of 2013. On this point, it is possible to conduct a survey based on the data supplied by each electricity company.

Consequently, the problem of whether to restart the nuclear power stations must be separated from the “shortage of electricity” issue. The debate should be redirected towards matters of nuclear power station safety and the economic aspect of the question. For the time being, the policy shift in the new government is not leading to major changes in the direction taken earlier by the Japanese Democratic Party. That administration envisaged an exit

from reliance on nuclear power, compensated by progress in the renewable energy sector. In contrast to this, the new government is opposed to the DPJ's objective of zero nuclear energy by 2030 and will certainly revisit the outgoing government's decision to abandon nuclear power. [...]

In September 2012, a Nuclear Regulatory Authority (NRA) was established with the aim of drawing up the new safety standards. So it turns out in the end that the decision over the use of the nuclear power stations will be taken by the government and the electricity companies. Yet, in the parliamentary elections in December 2012, the Liberal Democrat Party which was returned to power, as well as many other political parties, had expressed support for the decisions taken by the new regulatory authority. When it was set up in July 2012, the chairman of the nuclear authority received a lot of criticism over the choice of five members of the committee, in the light of their past professional activities in the nuclear energy sector. At first the agreement of the Diet was delayed; but then, by using the powers of the Prime Minister, the members of the committee were finally selected at the end of a parliamentary session. Of course, the new government can deny the fact that it did not receive the Diet's approval for its choice of some of the committee's members; but on the other hand, it is impossible for it not to consider the regulatory recommendations reached after research into the possible existence of active geological faults.

Currently the government is attempting to implement two points in the LDP's program:

1. The step-by-step start-up of all nuclear plants within three years, relying on the assessments by the members of the regulatory committee;
2. The establishment by 2025 of "the best possible energy mix" in the light of

the technical reports published by the regulatory authority (...). The new right-wing government has nonetheless made plans for the building of new nuclear power stations.

In June 2012, at an ordinary plenary session of the Assembly, three parties, the DPJ, the LPD, and the Kōmeitō, passed a proposal to revise the law on the regulation of nuclear reactors which limits their use to a period of forty years. It was the LDP which introduced this forty year law, asking the regulator to consider its request for revision (...).

The chairman of the regulatory authority, Tanaka Shunichi, argued that "this decision has no political implication", while another member of the same committee, Fuketa Toyoshi, asserted that "no political or economic factor should be read into it. The authority is independent of the government and the nuclear energy companies. Their judgement depends entirely on the standards of nuclear safety from a strictly scientific point of view, and not on market forces". For this reason those nuclear power stations which meet the new safety standards agreed by the regulatory authority will be allowed to operate by the new government. Accordingly, if the regulatory authority recognises that certain power stations are safe, it is difficult to see how they could be shut down by 2030, given that their life span is for forty years.

The game plan of the new government is to avoid any sharp change of direction by supporting the use of nuclear fuel for a limited period of forty years, while maintaining a step-by-step exit from nuclear dependency through the development of new technologies in renewable energy, thus opening a bridge towards measures for combatting climate warming.

Whatever the final outcome, according to the

regulatory body set up on the initiative of the DPJ administration, it is certain that the return to the use of the nuclear power stations by 2013 and the development of alternative sources of energy are going to play a decisive role in the future. The electricity companies point to their worsening deficit after the shutdown of the nuclear plants, and warn the government about forthcoming major tariff increases. They suggest that after this summer, some power stations will be back in operation, which will cause difficulties for the government after the summer of this year.

Even at the height of summer, electricity supplies were sufficient – the difficult question of reserve levels

The facts have shown that the summer peak was dealt with successfully in 2012, even though there was no nuclear power station in operation at the time. The reasons for this can be found in the data published by the government and the electricity companies.

Last summer the government and the Kansai Denryoku Company put reactors numbers 3 and 4 at the Oi generating plant back into service in order to deal with “a major electricity shortage” estimated at 14.9%. Now, even if those two reactors had not been in service throughout August, at the height of summer when the demand for electricity peaked (on August 3rd, to be precise), the levels of power held in reserve show that there was still a margin of 2.4% available from the two reactors in the nuclear power plant and the hydraulic pumping station whose foreseeable surplus energy was omitted from the calculations.

In addition, the power stations neighbouring the Kansai Denryoku Company (in the regions of Chūbu, Chūgoku, Hokuriku, and Shikoku) were still producing large quantities of electricity despite the shutdown of the nuclear reactors. It was therefore possible, in a worst

case scenario, for Kansai Denryoku to draw upon a supply from these companies. The media did not report these details, but when the forthcoming decisions on energy policy have to be taken, they must be objectively recalled.

The reserve level of electricity supplies is supposed to respond to demand. Before the accident at the Fukushima nuclear plant, the government and the companies argued that a stable supply required a minimum reserve of between 7% and 8%. After the accident the threshold was revised downwards to 3%.

Kansai Denryoku wrote in its report to the government committee for energy and the environment that, in the event of its number 3 and 4 units not being reactivated, the company could not guarantee the 3% threshold necessary in cases of sudden demand; in fact it estimated its maximum reserve levels at 2.4%.

Most of the media then reported that, if the predicted level of reserves fell below 3%, the balance of supply would be disrupted. There was therefore a definite risk of wider electricity cuts (...). This is an explanation provided to the media by the companies and the government (...). But the reality turns out to be quite different. An official working for a large electric company, known to me personally, has acknowledged that “even if the predicted level of supply fell to 0%, there would be no problem”. In fact, if the predicted level approaches zero, or even below, there would not be an immediate major disruption in the supply. Of course, the electricity companies do not mention this point, which is my concern here (...). So, why does the lowering of predicted reserves not bring about a major disruption?

The explanation from members of the government in charge of these matters is as follows: the electric companies make a market

prediction between one and three months in advance, but since changes in the weather and the economic situation may occur, it is difficult to guarantee the actual level of supply; therefore the electricity companies' predictions allow for a margin of manoeuvre in order to be certain that between 7% and 8% of the predicted level of reserves will be available. One or two weeks before the due date, when it becomes easier to estimate the actual demand for electricity, it is possible to envisage a downward estimate of the required reserve, for example, from 7-8% to 5%, or even 3%. In addition, by taking account of the demand for power only a few days in advance, the electricity companies' predictions become even more precise; so a forecast for a foreseeable margin of around 0% in fact has little impact. On the contrary, coming close to 0% is said to be ideal. In the event of an electricity company having to deal with an actual power shortage, it is possible for it to request a transfer of supply from other electricity companies.

This management of supply can be explained by the particular management style characteristic of Japanese electricity companies. They take as their reference point the heaviest level of demand in the past, and then make sure that there are supplementary generating plants to guarantee their predicted reserves; but in normal times, these plants are not in use. To respond to an excess in demand, the electricity companies keep in reserve some fossil fuel and hydro-electric plants capable of producing power very quickly. In such cases when the demand outstrips the predictions, the electricity companies frequently resort to using these "emergency" generating stations, but that engenders extra costs (...).

So, although the government and the companies state officially that the level of foreseeable reserves must be 3%, in reality we need to understand that a major power

cut would not necessarily occur in such a case. Admittedly, as the electricity companies emphasise, it is preferable to keep some margin above the foreseeable excess levels in order to guarantee a stable supply.

That does not mean that falling below the 3% threshold of foreseeable supply is completely free of any risk of bringing on a crisis situation. But even so, in the event of a shortfall, it is always possible to obtain a supply from those neighbouring companies which have a marginal surplus.

Let us now consider the level of foreseeable reserves in the case of the nine national electricity companies at the time of peak demand last summer. At the very height of the hottest part of the summer of 2012, the entirety of the Japanese nuclear generating capacity was shut down, with the exception of reactors number 3 and 4 at the Oi generating plant run by Kansai Denryoku. Yet, all the electricity companies broadly met the need to have a minimum reserve of 3%. Hokkaido Denryoku, which kept the lowest level, nonetheless reported a 6% reserve, followed by Kyushu Denryoku (6.9%), then the seven other remaining companies which, in accordance with their original intentions, guaranteed a stable supply thanks to a foreseeable reserve of between 7% and 8%. Among these, Shikoku Denryoku and Chūgoku Denryoku whose available equipment includes a high proportion of thermal plants, had a reserve supply of over 10% at the hottest time in the summer. The Hokuriku Denryoku reserves were at 9.4% and Chūbu Denryoku's were at 7.4%. Given the reserve margins available to the companies neighbouring the Kansai Denryoku plant, even if the two reactors in the Oi generating station had been shut down, it was absolutely feasible for it to ask the other electricity companies to transfer a part of their production. Following the return of those two reactors to production, the energy reserves of

the Kansai Denryoku rose to 11.6%, which is a perfectly adequate margin.

What will be the level of demand for electricity in the summer of 2013?

In October 2012, the DPJ reckoned the foreseeable energy reserves of all nine national companies together to be 5.4%. This calculation took into account the two reactors at the Oi plant as well as its hydro-electric pumping station. The national strategy set out by the DPJ was as follows: "Assuming the continuing use of the two reactors at the Oi generating plant, and taking as a baseline the level of demand in the summer of 2012, along with the progress made in energy saving measures, we reckon the required energy surplus to be 8,950,000 kilowatt hours (kWh), which is 5.4%". (...) In comparison with last year, it is even possible to see a rise in the supply of energy (...).

Moreover, if the operation of the thermal plants and the return to production of those damaged by the earthquake and tsunami progresses according to plan, and if the trends towards the development of renewable energy sources and the reduction in consumption at the individual level follows the same pattern as last summer, the figures show that it is possible to foresee a safety margin of around 5% despite the shutdown of the two reactors at the Oi generating plant.

Given the recent shift in the leadership of the country, it is important to look closely at the estimates for the energy market this summer. But one should not expect major differences with the forecasts made by the DPJ on the basis of the figures for last summer. If the new government decides on a major review of market conditions, it will need to be asked to provide a rational explanation.

The costs of the nuclear shutdown

In the event of a decision to shut down nuclear production, organisations like the Keidanren [Federation of Japanese Economic Organisations, the Japanese employers' confederation], which support the use of nuclear power stations subject to acceptable safety margins, make the following points in support of their position:

1. The risk of energy shortages;
2. The rising price of electricity as a result of increased use of thermal generating stations;
3. The increase in carbon dioxide emissions as a consequence of burning fuel in the thermal stations.

The Keidanren representative, Yonekura Hiromasa, has stressed that "shutting down the all the nuclear plants would introduce uncertainty into the energy supply. A rise in the price of electricity would compromise the lives of the citizens and the activity of enterprises. Such changes create a situation in which it becomes difficult sustain employment. The reactivation of those nuclear generating plants deemed to conform to proper safety standards must therefore be approved by the local residents".

However, there was no loss of energy last summer, and we now know that the risk of shortages can be set aside for the summer of 2013. Nor did the government have to resort to limiting energy use by the private sector in the summer of 2011.

What organisations like the Keidanren consider to be problems, in particular the rising costs of energy, is echoed in statements from other sources, according to whom "electricity charges in Japan are three times higher than those in South Korea (if the rises continue), which casts doubt on the ability of

the productive industries to carry on”.

In every industrialised country, electricity charges include an environmental tax; so if an international comparison is to be made, it turns out that Japan is less expensive than Germany, Italy, and Denmark, and that it is at the average level for the 25 states of Europe. However, the United States provides electricity at half the cost of Japan. If the European environmental taxes are taken out of the equation, Japan does come out more expensive than Germany, but that is mainly due to the fact that the Japanese electricity companies enjoy regional monopoly (...).

This raises the question as to whether a shutdown of the nuclear plants would inevitably mean rises in the price of electricity. The share of production from nuclear generators is particularly high in the cases of Kansai Denryoku and Kyūshū Denryoku, which pointed to the shutdown of the nuclear power stations to justify a rise in the costs linked to the use of thermal power stations. In 2012, they made a request to the government for a tariff rise (to be paid by the consumers). Tōhoku Denryoku and Shikoku Denryoku are also going to revise their tariffs, even though the share of nuclear facilities in their production is smaller. Chūbu Denryoku (which uses a large number of thermal power stations burning less expensive fossil fuel), Chūgoku Denryoku, and Hokuriku Denryoku also expect to inform the government of a forthcoming price hike. Hokuriku Denryoku was the only one out of the nine companies to have registered a trading surplus over its operating period. This company possesses a high proportion of hydro-electric stations, a fact which has played in its favour.

(...) It can no longer be said that the costs of nuclear production are low. If there is an accident, all the nuclear installations have to be shut down over a long period, and

the consequent situation is very unstable. That is why it is necessary to plan for an exit from nuclear. The electricity tariffs proposed by Kansai Denryoku and Kyūshū Denryoku are going to increase; now, assuming that the tariffs charged by Chūbu and Chūgoku Denryoku do not change, even if Kanden and Kyūden paid interim costs, it would still be less expensive to buy electricity from Chūbu and Chūgoku Denryoku. So it is quite possible that there will be a new tariff war between the electricity companies.

The line pursued by the previous government was to encourage a liberalisation of the retail sector of the electricity market (reforming the whole grid), just as has happened in communications and air travel. Encouraging the participation of new players has contributed to falling prices. But after the recent change in government, the LDP's approach to reform in the electricity supply system remains obscure. Let us return to the question of the nuclear shutdown and the rise in prices (...). The government commission of enquiry estimated the total costs to the nine electricity companies in October 2012 to be 6.8 trillion yen, compared with 3.6 trillion yen in 2010, when all the power stations were in operation. So the costs of the nuclear shutdown were put at 3.2 trillion yen. The newspapers and other media have often reminded the public of these figures.

According to the same commission of enquiry, the electricity produced by thermal stations is more expensive than nuclear production. The former can be broken down into the following categories:

1. fossil fuels (coal): 15.3 billion kWh (6%);
2. oil: 120.9 billion kWh (47%);
3. liquefied natural gas (LNG): 123.1 billion kWh (47%).

The share of coal in thermal energy production is proportionally lower, although it costs less to

produce than oil, whose use plays a major role (...).

With regard to this point, Professor Kaneko from the economics department at Keiō Gijutsu University has shown that “these percentages show that there is a problem in increasing the charges for combustible fuels. The costs of electricity production per unit break down as follows: nuclear 1 yen, coal 5 yen, LNG 10 yen, oil 16 yen (...). But the electricity companies generally use coal first, then gas, so that their figures do not correspond to reality. The total of 3.2 trillion is an overestimate. Moreover, Professor Kaneko emphasises the existence of “dubious loans in the nuclear field. The real problem in getting out of nuclear dependency actually resides in the management of the fixed costs”.

A shutdown of the nuclear power stations would itself give rise to maintenance costs, depreciation, and repair costs. A quick simple calculation puts these at 1.4 trillion yen (...).

The real reason why the electricity companies and the employers' organisations want to put the power stations back into use arises from these management problems. Professor Kaneko explains that “to make it possible to abandon the nuclear power sources, it would be necessary to invest public funds in the electricity companies, giving rise to disorder in the administration of that sector; therefore, it would be necessary to reform the arrangements for facilitating the transfers in the electricity supply, for example”. At all events, any exit from the use of nuclear fuel will bring in its train a short term reliance on thermal power stations, and therefore an immediate rise in the cost of the fuel for combustion.

This was a topic of debate during the recent parliamentary elections. For example, Iida Tetsuya, the representative of the *Nihon mirai no tō* party (Party for the Future of Japan) put forward the argument that “the proportion of

the cost of electricity caused by the increases should be borne by the government through the issue of Treasury bonds”. These bonds are subsidies which, in case of need, can be converted into cash without any interest payment. Breaking the electricity sector into separate parts would allow the new entrants to replace the costs to the government within the current structure through the payment of intermediate transfer charges (...).

Professional organisations such as the Keidanren have strong links with the new right-wing government, unlike their relations with the previous one. So it might well be asked what their reaction to the forthcoming Kanden and Kyūden price rises will be (...). With the return of the nuclear power stations to full use, that will become an issue of major interest.

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