

Outside Japan's major cities, attitudes about the ruling Liberal Democratic Party (LDP) are changing. In the Upper House elections held on July 29, 2007, Japan's Prime Minister Shinzo Abe and his LDP suffered an unprecedented defeat, winning only 37 of the 121 contested seats, down from a pre-election strength of 64.

The Opposition Democratic Party of Japan (DPJ) won 60 seats, almost double its pre-election number of 32. This victory allowed DPJ and other opposition parties to take the majority in the Upper House and gave them the power to block legislation passed through the Lower House, which is dominated by the LDP and its coalition, the New Komei Party. Until this election, the LDP was widely supported by the provincial constituency.

Due to the concentration of business in big cities, people living in rural areas depend on the agricultural subsidies and public jobs provided by the government to supplement their limited agricultural income. For this reason, people have supported the LDP for more than 60 years. In response to public demands, LDP politicians have been putting pressure on government agencies to provide road construction, dam construction, forest road construction, nuclear power plants and a variety of agricultural development projects in their constituencies. Besides working as farmers, people in these rural areas earn extra income directly or indirectly from public works. Often, they have the opportunity for casual employment as construction workers during the off-peak farming season.

However, it is becoming increasingly difficult for LDP politicians to keep their promises and provide employment through public works for people living in rural areas. The reason for these unfulfilled promises has come to the attention of the general public as more and more scandals among politicians and bureaucrats have been revealed.

One example of such a scandal was made public just before the suicide of Agriculture Minister Toshikatsu Matsuoka. In October 2006, the Japan Fair Trade Commission and Tokyo District Public Prosecutors Office revealed the political financing scandal of the Japan Green Resource Agency (J-Green). Established in 2003, J-Green was the result of the integration of the Forest Development Corp. and Japan Agricultural Land Development Agency (JALDA) after the Koizumi Cabinet imposed measures to streamline institutions.

In the 1960s, the government planned to expand the forest road network to more than 2,000 kilometers in the mountain districts to develop timber production. But in the 1970s, Japan began to import wood, and the timber industry gradually stagnated. In 1997, JALDA recorded a huge deficit of 3.7 trillion yen (US\$32.6 billion).

In 1998, the Basic Law on Reforming Government Ministries was enacted to streamline government institutions by establishing a new style of nonprofit legal body called the Independent Administrative Legal Entity. Tax exemption and continuous funding by the government were restricted for this new legal body. The public welcomed this decision to streamline government institutions. However, bureaucrats continued to run their agencies in the same manner as before, just more discretely.

The Agriculture Ministry decided to allow Forest Development Corp. and JALDA to survive the changes by integrating the two into J-Green and changing the legal status under the new law. This was opportunistic for the Ministry as the new entity was absolved of responsibility to pay out the agency's huge deficit.

During the reshuffle, the Agriculture Ministry sent 14 amakudaris (retiring high-ranking government officials given lucrative jobs associated with the government) to J-Green. This number appears low in comparison to other governmental foundations, but it was later revealed that J-Green secretly sent 217 amakudaris to 30 subcontractors designated under J-Green as no-bid contracts. The ministry promised to put 1 trillion yen (US\$8.81 billion) a year into J-Green from the taxpayer's money.

J-Green established two political fund accumulation organizations and collected 75,000 yen (US\$666) as a membership fee for every 20-million yen (US\$177,604) contract that subcontractors received from J-Green. This membership fee was used by J-Green to donate to dozens of LDP politicians for the protection of their obsolete construction jobs.

In October 2006, a joint team of the Japan Fair Trade Commission and the Tokyo District Public Prosecutors Office started to investigate J-Green. Immediately after J-Green became aware of the investigation, they dissolved the two organizations. However, this could not be concealed from the public and the media soon reported on the proceedings. The allegations were of the violation of Political Funds Control Law by rigging bids to subcontractors.

People living in rural areas realized that the motivation of J-Green and its subcontractors was not aligned with the needs of the people suffering hardships in remote areas.

During the 2007 Upper House election, exit surveys found that more than half of the LDP supporters changed their position, stating that the LDP is not reliable to protect their lives in rural communities. Many of them pointed to the Agriculture Ministry's related scandals as examples.

In March 2007, the Research Bureau of the House of Representatives submitted a report before the Diet (Japan's legislature) in response to the request of 45 opposition members. In the report, the bureau researched 4,576 judicial foundations and corporations that receive contracts from ministries. The findings showed that there are 27,882 amakudaris within these organizations. The taxpayer's money put into these foundations and corporations was nearly 6 trillion yen (US\$52.84 billion) just for the first half of 2006.

More transparency in Japan is needed for the more than 26,000 public-interest organizations established by ministries, local governments, and various types of corporations. There is no survey on how many amakudaris are working in these organizations, and how much of taxpayers' money is used to fund them.

Why do bureaucrats dominate Japan in this way? And why are tax dollars needed for their survival? I believe it a result of a dual-track employment system in ministries and local governments.

Employees have the opportunity to take the career-track exam or the non-career-track exam. Upon passing the career-track exam, future promotion is guaranteed by the ministry without being based on position availability and individual achievement. However, the actual numbers of the posts are limited.

To resolve this inefficiency, the ministry needs to determine the personnel requirements for posts and fulfill them based on these figures. Also the salary for a new post should be equal to colleagues who entered during the same period. Furthermore, the budget provided to the foundations should be sufficient to cover their amakudari salaries. Local governments should also follow the same practice of the central government.

Because of this employment system, career-track winners have a tendency to think of themselves as elite. They do not adopt the term "public servant." I believe that their

elitism is partly a cause of the corruption within the Japanese government.

Another factor in the recent power change away from the LDP is a scandal that erupted in May 2007. The Health, Labor and Welfare Ministry's Social Insurance Agency revealed that it had lost 50 million pension records and failed to input 14 million records in the early 1950s. This created panic among citizens in Japan: people demanded the agency check to see if their records were correct. In spite of Prime Minister Abe and his cabinet members' vowing to check 50 million records within one year, the public is still outraged by this incompetence that smelled like corruption.

After the election, the Committee to Survey Pension Records of the Ministry of Internal Affairs and Communication investigated the embezzlement of pensions by the staff of the agency. The committee reported 24 cases worth 133 million yen (US\$1.2 million) from 1995 to 2006.

People were not surprised by this report because they were already aware of the large-scale mismanagement of public funds. In the 1980s, the Social Insurance agency diverted 370 billion yen (US\$3.26 billion) to the construction and operation of the Greenpia resort facilities in 13 places around Japan. By 2005 it was officially bankrupt. The public believes an increasing amount of money is diverted from pension premiums to expand the interests of government officials.

The agency is not transparent about the pension balance sheet. It appears that the agency is keeping quiet until the planned transformation into an independent administrative foundation in 2010.

To regain its popularity, the LDP should take measures to expose corruption. However, any measure will hurt LDP members who became politicians through hidden collaboration with corrupt bureaucrats.

