

New Japan PM may not last long
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TOKYO, Aug 29 — Finance Minister Yoshihiko Noda was today chosen to become Japan's sixth prime minister in five years, but needs to overcome a divided parliament and deep rifts in the ruling party if he is to make more of a mark than his recent predecessors.

New PM Yoshihiko Noda faces political, economic and social challenges. — Reuters pic Noda appears to be a safe pair of hands to lead the world's third-biggest economy but there are serious doubts whether he will have sufficient support to tackle Japan's myriad economic woes, lift it out of decades of stagnation, and cope with a nuclear crisis.

The 54-year-old Noda, who defeated Trade Minister Banri Kaieda in a run-off vote in the ruling party, must deal with a resurgent yen that threatens exports, forge a new energy policy while ending the worst nuclear crisis since Chernobyl, and find funds to rebuild from the March 11 tsunami at a time when huge public debt has already triggered a credit downgrade.

"Noda has inherited all the same problems — a divided parliament, a divided party, a strong yen, a Tohoku (northeastern Japan) desperate for progress on reconstruction and an early end to the nuclear crisis," said Jeffrey Kingston, director of Asian Studies at Temple University's Japan campus.

"I think the honeymoon will be very short-lived."

No Japanese prime minister has lasted much more than a year since 2006, and most market players polled by Reuters this month thought the next government head would be no exception.

Noda, who will be confirmed by parliament tomorrow, will be the third premier since his ruling Democratic Party of Japan swept to power in 2009, promising change.

Instead of a deep debate over how to jolt Japan out of decades of stagnation, the party vote turned into a battle between allies and critics of Ichiro Ozawa, a 69-year-old political mastermind who heads the party's biggest group even as he faces trial on charges of misreporting donations.

Kaieda, backed by Ozawa, got 177 votes in the run-off while Noda, supported by Ozawa critics, won the backing of 215 MPs. That suggests Ozawa will remain a divisive force, although his clout is less than it once was.

China, US ties

Noda's rise to the top job could cause some friction with China after he recently repeated that Japanese wartime leaders convicted by an Allied tribunal after Japan's defeat in World War Two were not "war criminals" under domestic law.

He has also said China's rapid military buildup and expanding naval activities pose a serious regional risk, and stressed the importance of the US-Japan security alliance.

"To improve the relationship between the world's second and third-biggest economies, Noda's cabinet has to carefully craft and implement a proper policy in treating Japan's war past to soothe the resentment among the Chinese public toward Japan," China's official Xinhua news agency said in a commentary.

Financial markets were little affected although a rise in the stock market was tempered since the prime minister in waiting has said Japan will need to raise taxes.

Bond markets, however, welcomed the choice of Noda, who among the candidates was the only one consistently calling for Japan to face painful reforms to curb its massive debt.

"Let's do the utmost to tackle what we have promised and if there's not enough money, we might ask the people to share the burden," Noda said before the party vote.

The finance minister, who knocked out telegenic former foreign minister Seiji Maehara — the favourite of ordinary voters — in the first round, injected a rare moment of levity into the tense event.

The jowly, stocky lawmaker compared himself to a "dojo" loach fish — an eel-like inhabitant of the deep.

"I do look like this and if I become prime minister, the support rate would not rise, so I would not call a snap election. A loach has its own abilities even though it cannot do as a goldfish does."

Optimists said that Noda's low-key style might in fact be what Japan needs now. "Just because the world never heard of him doesn't mean he doesn't command quiet respect," said Andrew Horvat, director of the Standford Centre in Kyoto.

"That is one of the qualities of a great Japanese leader . . . This is not a time for big talk and inappropriate actions."

One of Noda's big challenges will be seeking opposition help in parliament, where it controls the upper house and can block bills. He has floated the idea of a "grand coalition" with opposition rivals, but the two biggest rival groups are cool.

"We won't flat out oppose one," Natsuo Yamaguchi, the head of the No. 2 opposition party, the New Komeito, told Reuters when asked about the possibility of a coalition. "But realistically thinking, the likelihood of it succeeding is small and there are more factors that are likely to make it fail."

The main opposition Liberal Democratic Party, he added, wanted to press for a snap election.

Noda has said Japan should not build new atomic reactors, effectively phasing out nuclear power over 40 years. But he wants to restart off-line reactors after safety checks to avoid a power crunch. Japan relied on atomic power for about 30 per cent of its electricity before the Fukushima nuclear crisis. — Reuters

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