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Japanese Parliament Is Dissolved

By REUTERS

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TOKYO (Reuters) - Japanese Prime Minister [Taro Aso](#) dissolved parliament's lower house on Tuesday for an August 30 election that polls show could see his conservative party ousted for only the second time in its more than half-century reign.

A victory for the opposition Democratic Party of Japan would raise the chances of breaking a deadlock caused by a divided parliament that has stymied policy implementation as [Japan](#) struggles to emerge from recession.

It would also usher in a government pledging to pay more heed to consumers than companies, to wrest control of policy from bureaucrats to cut waste, and to adopt a diplomatic stance less subservient to close ally the United States.

"This is a major, revolutionary election to allow politicians to take the lead in Japanese government," opposition Democratic Party leader Yukio Hatoyama told party members.

"We should face it with a sense of historic mission."

Aso's LDP, which has ruled for all but 10 months since its founding in 1955, has relied heavily on bureaucrats to craft policies that analysts say helped build Japan's post-war economic "miracle" but later blocked reforms.

Many investors in Japanese financial markets would welcome an end to the prolonged political stalemate, but some analysts worry that the opposition's spending plans will inflate an already huge public debt and push up government bond yields.

"I think that for the short-term, hope that the Democrats taking power will cure the parliamentary paralysis and lead to smooth passage of bills and policies will outweigh any worries about uncertainty," said Noritsugu Hirakawa, a strategist at Okasan Securities.

"Over the longer term, there are questions about how the Democrats will fund all their social programs, and this may eventually weigh on the market."

Aso had announced his plan to call the election last week, so financial markets had little immediate reaction on Tuesday.

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A spate of opinion polls show the opposition Democrats well ahead of Aso's LDP among voters, though close to 30 percent are still undecided.

Aso's announcement of his election plan last week, a day after the LDP was trounced in a closely watched Tokyo assembly poll, sparked chaos in the LDP as critics tried to oust him.

Party heavyweights blocked the move, but agreed Aso should appear at a meeting of LDP lawmakers to hear their complaints.

In a news conference carried live on nationwide TV, Aso apologized for his failings and his party's internal chaos.

"My shortcomings caused mistrust from the public and I apologize from my heart for this," he said, bowing.

"I reflect humbly on this situation and will fulfill my responsibilities while keeping in mind the people who support the LDP."

All cabinet members, including Finance Minister Kaoru Yosano, who some had earlier speculated might refuse, signed off on the election plan on Tuesday, Health Minister Yoichi Masuzoe said.

LDP lawmakers stifled their criticism of Aso as they turned their attention to the tough election fight ahead.

"Fight, fight, fight," yelled the lawmakers at the end of the meeting, raising their arms in the air.

"At this point we have no choice but to be united before the election," upper house lawmaker Hiroshige Seko told reporters.

Aso, the 68-year-old grandson of a prime minister, took office last September and has seen voter support slide due to policy flip-flops, verbal gaffes and scandals in his cabinet.

The Democrats have had their own troubles, with one leader forced to resign in May after a fundraising scandal ensnared a close aide and current party chief Hatoyama is under fire after admitting some people listed as his political donors were dead.

Many voters are fed up with the LDP, but have only muted hopes for the opposition Democrats.

"I think we need a change in government at least once. But I don't think there is a huge difference between the LDP and the Democratic Party," said 48-year-old businessman Tamio Harakawa.

The LDP has made clear that it will target Hatoyama's funding affair while attacking the Democrats, an amalgam of former LDP members, ex-socialists and younger conservatives, as weak on security policy and irresponsible on finances.

Yosano accused the opposition of being over-confident. "The Democrats seem to be already toasting with champagne and wine as if they were on the eve of a victory," he told reporters.

(Additional reporting by Elaine Lies, Isabel Reynolds, Yumi Otagaki, Hideyuki Sano; Writing by Linda Sieg; Editing by Jeremy Laurence)

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