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# MAJOR LEGISLATION

Jan. — Dec., 1991

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## 1. Constitutional and Administrative Law

### a. Constitutional Law

#### **Political Reform Bills.**

Submitted to the Diet by the Cabinet on August 5, 1991.

#### *[Background of the Bills]*

After the Recruit Co. bribery scandal, which came to light in 1988, popular distrust toward politicians reached a peak in Japanese politics. In response to this political crisis, politicians were pressed to take urgent measures against money politics to appease fierce rage and restore popular confidence in politics. Against this background, the ruling Liberal Democratic Party laid down its general political reform principles in May 1989, but they did not conduct any concrete actions. In August 1990, the Eighth Election System Council (ESC) submitted a report to the government, the main point of which was the introduction of a system of minor electoral districts and proportional representation in the House of Representatives, and the establishment of financial support of political parties. The Kaifu Cabi-

net, which declared that it would stake its fate on the political reform, basically followed these LDP and ESC policies and submitted to the Diet three controversial political reform bills.

***[Outline of the Bills]***

(1) Revision of the Public Office Election Act. A system of minor electoral districts together with proportional representation will be introduced into the House of Representatives. The total number of members is 471, of which 300 are elected from minor electoral districts and 171 are elected through proportional representation. The ban on door-to-door-campaigning is lifted.

(2) Revision of the Political Fund Control Law. Political donations by enterprises, labor unions, and other organizations are to be directed only to political parties in principle. The control of fund-raising parties and the standard of making the flow of political funds open to public is strengthened. Individual politicians may have only two fund-raising organizations.

(3) Political Parties Subsidy Act. Political parties which satisfy certain requirements are granted a subsidy in proportion to the number of Diet members and votes received in the latest election.

***[Comment]***

For the past several years the words “political reform” have been a slogan in Japanese politics. However, few members of the ruling party seemed to make any serious effort to sweep away money politics so as to establish political ethics. This is mainly because not a few LDP politicians rely upon some amount of money provided by big business and cannot cut off their friendly relationship with it. As a result, the achievement of clean politics has made slow progress. From this viewpoint, in order to accomplish real political reform, it is most urgent to prohibit political donation by enterprises, make the flow of political funds more open to the public, and strengthen criminal sanctions against any violations involving politicians. However, party interests used a different logic. According to the LDP principles, the main reason for continual corruption lies in the existing election system which inescapably requires politicians

to raise huge amounts of money, and the most effective prescription for correcting this state of affairs is nothing but to change the election system itself. Thus, together with the report of the ESC, the focus of political reform inside the ruling party moved to the introduction of a new election system.

However, even inside the ruling party, the introduction of a system of minor electoral districts triggered fierce opposition because the new system would be a menace to some members' seats. Therefore, although the government had some prospect for approval of the bills at the very beginning, it was decided by the Diet members that the bills should be dropped before the end of a session.

In the meantime, Prime Minister Kaifu, who had announced that his Cabinet would carry out political reform with an indomitable resolve, spoke of "serious determination" in response to this disposal of the bills. Such words by the Prime Minister usually meant that there would be no alternative other than dissolution or resignation of the Cabinet, so that it caused severe criticism toward the Kaifu Cabinet inside the LDP. As a result, Prime Minister Kaifu lost support within the ruling party and was forced to announce his resignation. Thus, drastic political reform returned to the starting point once again.

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## **b. Administrative Law**

### **1991 Revision of the Consumption Tax Act.**

Promulgated on May 15, 1991. Ch. 73. Effective as of May 15, 1991.

#### ***[Background of the Legislation]***

Despite strong public opposition, the consumption tax was introduced by the government on April 1, 1989. Since then, faced with continuing criticism, both the government and the opposition par-