

Japan - Lower house passes consumption tax hike legislation

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A controversial bill to increase Japan's consumption tax rate was passed in a plenary session of the House of Representatives on June 26, in a measure supported by parties including the ruling Democratic Party of Japan (DPJ), the opposition Liberal Democratic Party (LDP) and New Komeito.

Altogether, 363 lawmakers voted in favor of the bill and 96, including former DPJ leader Ichiro Ozawa and former Prime Minister Yukio Hatoyama, voted against it. Legislation on social security reforms and authorized preschool facilities was also passed by lawmakers during the session.

Under the tax-hike legislation, Japan's consumption tax rate will be increased to 8 percent in April 2014, and to 10 percent in October 2015. The bill now goes to the House of Councillors for a further vote.

The legislation created a rift within the DPJ, with 57 party legislators voting against the measure. Including those who were absent from the session or abstained from voting, some 70 DPJ lawmakers are believed to have rebelled against the party during the vote.

Earlier during the day, Hatoyama informed DPJ Secretary General Azuma Koshiishi that he wanted to resign as a top adviser for the party as he would depart from party policy. Koshiishi indicated that he would accept Hatoyama's resignation.

Before the vote, Prime Minister Yoshihiko Noda had called for party unity, saying, "There are some lawmakers trying to support the measure while preparing for a tough situation, believing that they must carry out reform despite being labeled swindlers, liars and fools."

Meanwhile, a group of lawmakers loyal to Ozawa held a meeting around noon on June 26, with 43 in attendance. Speaking at the meeting, Ozawa said, "With major bills, the stance of politicians is tested. Our claims are understood by the public, and we have a rightful cause."

Many DPJ lawmakers opposed to the tax hike have expressed reluctance to leave the party. Koshiishi suggested that strong punishment against lawmakers who rebel against the party, such as expelling them, would not be carried out. Based on his comments, some lawmakers decided to vote against the bill, according to one party source.

Voting in the session covered six bills agreed upon by the DPJ, LDP and New Komeito, and two bills initiated by legislators — one on the promotion of social security reforms and another on authorized preschool facilities.

Mainichi Shimbun, June 26, 2012

<http://mainichi.jp/english/english/newsselect/news/20120626p2a00m0na013000c.html>

Cumsumption-tax hike: After Cabinet reshuffle, Noda vows to ensure consumption tax hike bills clear Diet

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Prime Minister Yoshihiko Noda, who launched his reshuffled Cabinet on June 4, has vowed to ensure the consumption tax hike bills clear the Diet during the ongoing Diet session that ends on June 21.

"I reshuffled my Cabinet in an effort to strengthen the Cabinet's functions and to create an environment for making progress on various outstanding issues," Noda told a news conference at his office on June 4.

The prime minister also expressed his determination to hold consultations with the largest opposition Liberal Democratic Party (LDP) and other parties to modify the government-sponsored bills on the consumption tax increase so that both ruling and opposition parties can support the bills. "I'll do my utmost to pave the way for putting the bills to vote by the June 21 end of the current Diet session."

In the latest reshuffle, five ministers, including two against whom the opposition-controlled House of Councillors has adopted motions, were replaced to clear away the obstacles to consultations with opposition parties over revisions to the government bills.

"There will be a period about 20 days up to the end of the current Diet session when we'll make decisions that will determine Japan's future. I'll dedicate all of my energy to making important decisions day by day," Noda told the news conference.

Prior to reshuffling his Cabinet, Noda instructed top government officials during a meeting to hold negotiations with opposition parties to modify the original consumption tax bills.

* <http://mainichi.jp/english/english/newsselect/news/20120605p2a00m0na010000c.html>
