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Prospects for Japan's Domestic Politics and Implications for Its Foreign Policy

HITOSHI TANAKA, *Senior Fellow, JCIE*

Since the historic defeat of the Liberal Democratic Party (LDP) in the House of Councillors election last year, many foreign observers have become concerned about an apparent “stagnation” in Japan’s domestic politics. Some have suggested that divided government has had an adverse impact on Japan’s foreign policy and are uneasy about the long-term implications of this development for Japan’s international role.

East Asia is in the midst of a major transformation and it would be very unfortunate if Japan—the world’s second largest economy and a major democracy in the region—were to fail to meet the challenges presented by its changing environment. At arguably no other time in the postwar era has it been more necessary for Japan to adopt a proactive leadership role in East Asia and actively work to ensure the long-term stability of the region. Nevertheless, the manner in which circumstances will evolve in the coming months and years on the domestic political front remains uncertain; there is little doubt that the July 2007 election was a harbinger of further change to come. How events play out will have significant bearing on the kind of regional and global role that Japan is able to undertake.

Core Issues in Domestic Politics

The most significant issue in recent domestic politics is the public’s growing dissatisfaction with LDP rule. Long-festered voter discontent with the LDP temporarily abated under former Prime Minister Junichiro Koizumi, whose exceptional popularity was largely due to his reputation as a maverick within the party. Nevertheless, it resurfaced under previous Prime Minister Shinzo Abe and led to the unprecedented defeat of the ruling party in the July 2007 House of Councillors election. The Democratic Party of Japan’s (DPJ) victory in that election marked the first time since 1955 that the LDP lost its status as the most powerful party in both houses of the Diet. The ruling LDP-Komeito coalition will probably remain in the minority in the Upper House at least through the next election in 2010 and, barring a significant reversal of public sentiment, probably until 2013. In short, the upper and lower houses are likely to remain at loggerheads for years to come.

Another issue concerns the timing of the next general election. Although the government is constitutionally mandated to call a general election upon the expiration of the Lower House’s four-year term in September 2009, the prime minister is afforded the

authority to call a “snap election” at any time. Current Prime Minister Fukuda was elected LDP president in the immediate aftermath of Mr. Abe’s abrupt resignation and has yet to receive a popular mandate. As a result, he faces a great deal of pressure to call an election to legitimize his premiership. However, the cabinet’s low support ratings suggest that an election in the near future would almost certainly result in the ruling coalition losing its overwhelming majority (70 percent) of seats in the Lower House. It should also be noted that some observers expect Mr. Fukuda’s support ratings to rise following the upcoming G8 Summit in Hokkaido, a development that would go far toward silencing his critics within the LDP and allow him to consolidate his power.

Lastly, the possibility that Mr. Fukuda may yield to pressure from within the LDP to resign prior to the end of the current Lower House’s term should not be discounted. However, contrary to widespread media speculation about the prospects of several possible candidates for the party presidency—particularly Taro Aso, former chief cabinet secretary and foreign minister, and Sadakazu Tanigaki, former finance minister and the current chairman of the LDP Policy Research Council—there is no clear frontrunner to succeed Mr. Fukuda. Unless a candidate capable of inspiring the electorate and uniting the increasingly factious LDP emerges soon, the Fukuda administration will probably be afforded more time to turn things around.

Three Scenarios for the General Election

There are three possible outcomes for the next general election. The first is a scenario in which the DPJ would garner a plurality (or majority) of seats in the Lower House and thus receive a popular mandate to form a Democratic cabinet. Several recent polls have suggested the DPJ’s popularity now exceeds that of the LDP, a development that seems to bode well for the former party’s prospects in the upcoming election. An increasing number of observers, including many who are otherwise highly critical of the DPJ, support a Democratic victory out of a belief that a change in power could lead to the emergence of a permanent two-party system and the regular transfer

of power between competing political parties. They contend that such a system would set the stage for a more open and robust debate over domestic and foreign issues, which in time would lead to more effective policy and more accountable leadership.

In the second scenario, the ruling coalition would win a sufficient number of seats to maintain a majority (or plurality) in the Lower House but forfeit its current supermajority (and thus its ability to steamroll legislation through the Lower House without opposition support). Although much has been made in the press about widespread dissatisfaction with the LDP, the fact remains that the voting public is largely skeptical of the DPJ’s ability to govern and hesitant to hand control of the government to a party of which only a few members (most of whom are former members of the LDP) have actual experience running the government. The fact that the LDP is able to call the election at a time of its choosing further complicates the DPJ’s electoral prospects. Since this scenario is unlikely to result in an end to the current political deadlock, the LDP would probably attempt to recruit opposition forces (especially independents and disgruntled DPJ members) to join the party and end the impasse.

Recent developments in domestic politics suggest a third possible scenario, one with the potential to usher in a new era in Japanese politics and bring about a systemic transformation of Japan’s political process. It is no secret that a substantial number of politicians (including many LDP Diet members) sense a dramatic LDP electoral defeat looming on the horizon. If this group were to reach critical mass, the result could be a historic realignment of political parties, which would probably see the LDP and DPJ splinter along policy lines.

A number of obstacles remain in the way of large-scale political realignment, however. The first obstacle relates to the nature of Japan’s single-member electoral districts. In the event of political realignment, party mergers and shifting loyalties would cause many former political rivals to become members of the same party overnight. When deciding which candidates to endorse in each electoral district, leaders of newly formed parties would find themselves

with the unenviable task of having to choose between these former rivals. In other words, many current politicians are likely to resist realignment out of concern for their jobs. The second obstacle relates to voter preferences and long-existing questions about policy distinctions among Japan's political parties. A number of experts, including many current politicians, have expressed doubts about whether policy differences among DPJ and LDP Diet members are substantive enough to warrant the creation of new parties based on policy lines.

Which of these three scenarios materializes will undoubtedly depend on how the political situation evolves prior to the general election. At least one issue, however has the potential to divide the voting public into two distinct blocs: the debate over big versus small government. Many Diet members—both within and outside the LDP—have blamed the recent expansion of the gap between rich and poor on the structural reforms initiated under Mr. Koizumi. This gap, as well as rising food and fuel prices, pensions and healthcare for the elderly, and a decades-old debate over a possible consumption tax increase, have reemerged as political flashpoints with the potential to bring down the LDP.

Nevertheless, the degree to which “bread and butter” issues will influence voter choices at the next election will largely depend on the “political winds” at the time. For example, discontent with the LDP over the costs of food and fuel may wane if the current surge in prices stops or begins to reverse. If the economic growth that has resulted from recent reforms leads companies to increase worker wages, the gap between rich and poor may become less of a political issue.

Mounting frustration with political stagnation at a time when Japan urgently needs to address a number of important foreign and domestic challenges has led many concerned citizens, pundits, and politicians alike to call on the LDP and DPJ to put an end to the current political deadlock through some sort of policy compromise. If divided government continues to exist after the next election, this compromise could manifest itself either through a

“gentlemen’s agreement” to cooperate or, although highly unlikely, more formally through the formation of an LDP-DPJ grand coalition.

Foreign Policy Implications

While it is impossible to predict how current political circumstances will evolve in the coming months, there is no doubt that a debate over foreign policy is bound to occur. A change in government—or even merely a change in the premiership—could have significant implications for Japan’s foreign policy.

At the risk of over-simplifying, Japan’s foreign policy community can be roughly divided into the following three camps: alliance traditionalists, globalists, and pragmatic moderates.

Alliance traditionalists place the maintenance of a robust alliance with the United States above all other foreign policy priorities. They advocate a more proactive Japanese contribution to the alliance, push for constitutional revision to allow Japan’s Self-Defense Forces (SDF) to participate in collective defense, tend to emphasize common values in foreign relations, and call for Japan to strengthen ties with other democracies. This line is perhaps best exemplified by the foreign policy of the previous Abe administration, in particular the “Arc of Freedom and Prosperity” and the call for Japan to deepen its strategic ties with democratic states in the region, particularly the United States, Australia, and India. Generally speaking, adherents to this foreign policy line are not very enthusiastic about regionalism or East Asia community building and tend to prefer pressure and sticks to engagement and dialogue when addressing seemingly hostile states such as North Korea.

Globalists differ from alliance traditionalists in that while they also acknowledge the important role of the US-Japan security alliance in national defense and regional security, they tend to see excessive reliance on the United States as contrary to Japan’s national interest. Globalists call for a more independent foreign policy line, one that places greater emphasis on Japan’s relations with the rest of Asia, in particular its ties with China, and seeks a more proactive role in the United Nations. An example of

a globalist foreign policy is perhaps DPJ President Ichiro Ozawa's call for greater SDF participation in UN-approved international peacekeeping operations. Some members of his party have recently advocated an extension of the SDF's mandate to allow participation in high-risk operations such as the NATO-led (and UN-sanctioned) International Security Assistance Force in Afghanistan.

Members of the third group of foreign policy thinkers, pragmatic moderates, shy away from ideology, instead basing policy on realistic analyses of Japan's external environment. They tend to seek a more sound balance between Japan's relations with the United States and the rest of the world, particularly with Japan's Asian neighbors. They are strong supporters of regional cooperation and call for Japan to engage the entire region in an inclusive process of community building. The foreign policy of the current Fukuda administration is perhaps a good example of this kind of "pragmatic moderatism."

If the DPJ succeeds in taking power at the next general election, Japan's foreign policy is likely to become more "globalist." How far it will shift in that direction, however, remains uncertain. Although Mr. Ozawa is undoubtedly the most powerful force within the DPJ, many party members strongly disagree with his stance on foreign policy. In fact, foreign policy views within the DPJ are arguably as diverse as those within the LDP, running the gamut from globalists like Mr. Ozawa to Asia regionalists, staunch supporters of the US-Japan alliance, and unabashed pacifists. In short, the extent of change Mr. Ozawa would achieve is sure to be attenuated by countervailing forces within the party.

If, however, Mr. Fukuda succeeds in reviving the LDP's fortunes and is able to consolidate his power either by silencing his critics or reshuffling the cabinet, he will have much greater flexibility to pursue his own agenda. Under these circumstances, Japan's foreign policy is likely to hew to the "pragmatic moderate" line.

Conclusion

Recent developments have raised a substantial amount of concern about how current domestic political difficulties in Japan will affect foreign policy. While it is impossible to be sure how circumstances will evolve in the coming months, it is clear that Japan desperately needs political leadership capable of putting aside intra- and interparty squabbles and willing to proactively address the profound changes taking place overseas. Of particular concern is Japan's future role in East Asia. The stakes are simply too large for Japan to continue improvising its foreign policy.

Regardless of the outcome, it is imperative that Japanese politicians embrace the current power struggle in the Diet as an unprecedented opportunity to engage one another in a candid, healthy, and wide-ranging domestic debate over foreign policy. The hope is that in doing so policymakers will once again be able to articulate a clear foreign policy doctrine around which the entire nation can coalesce. Only then will Japan be able to begin tackling the manifold challenges that lie ahead.

Hitoshi Tanaka is a Senior Fellow at JCIE. He previously served as Japan's Deputy Minister for Foreign Affairs.

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Please direct any comments or questions to eainsights@jcie.or.jp.

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