



Who Is Japan's New Leader?

By Michael Auslin

Japan's new prime minister and leader of its ruling Liberal Democratic Party (LDP), Yasuo Fukuda, arrives at a crucial time in Japanese politics. From almost any angle, the challenges facing the next prime minister are serious and require bold thinking and nimble politicking. Does Fukuda have what it takes to tackle these challenges and strengthen Japan at home and abroad? What policies will he likely pursue, and what does that mean for the United States in Asia?

Skeptics of Fukuda's ability to articulate and enact meaningful policies are already claiming that Japan is entering a period of political paralysis—that the new prime minister is a caretaker figure. The reality is that Japan is taking one step forward and one step sideways. The bold diplomacy of Junichiro Koizumi and Shinzo Abe is likely to be shelved for the foreseeable future, and it is unclear how the reform agenda will proceed.

Abe was laid low by scandal and his inability to spell out and pursue a political program. His tenure was marked by domestic confusion, but in international matters, his objectives were clear. At the center of his program was a deepening of the U.S.-Japanese relationship, including support for the U.S.-led war on terrorism. Yet he also made diplomatic overtures to China and South Korea, thereby unfreezing relations that had hardened during Koizumi's tenure. Abe continued Koizumi's strategic outreach to India and signed a limited defense alliance with Australia. He tied together all the strands of this foreign policy with a call for Japan to link up with the other democracies in the Asian-Pacific region, particularly the big three: the United States, Australia, and India.

Even after his drubbing in the Upper House election in July, Abe pushed forward with his

plans—most importantly the extension of the Anti-Terrorism Special Measures Law (SML). The SML, first passed in 2001, allowed the dispatch of Japanese Maritime Self Defense Forces (MSDF) vessels to the Indian Ocean, where they refueled American, British, and Pakistani ships operating against the Taliban. The law will expire on October 31, and without an extension, the Japanese tankers will have to return home.

The Upper House of the Diet, now in the control of the opposition Democratic Party of Japan (DPJ) led by erstwhile LDP member Ichiro Ozawa, held the keys to the agreement's renewal. Ozawa used renewal as a wedge with which to oust Abe. Despite public opinion polls slightly supporting the refueling mission, Ozawa held firm, and Abe ran out of maneuvering room. On September 12, just days after pledging to fight for the renewal, he suddenly resigned.

Pundits of all stripes saw this as a political crisis—for some, it was an affirmation that the system in Japan was broken and that the country was collapsing.¹ Some even claimed that the LDP was “finished.”² Press reports bordered on the hysterical, with some reporting that Japan was in “disarray.”³

A bit of perspective is called for. Abe's resignation was a surprise, but Japan is not in disarray. Rather, the political system functioned smoothly. This is an example sorely needed in Asia, where

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Thai generals overthrew a corrupt yet popularly elected leader last year, where Pakistan's former prime minister was immediately reelected after returning from years abroad, and where regimes ranging from authoritarian to totalitarian regularly repress individual rights and subvert international norms of governance.

A New Direction or a Return to Old Ways?

For decades in Japanese politics, the party factions selected the leadership in back-room dealings. Koizumi changed this by attacking the factional structure of the LDP and appealing directly and successfully to voters. Abe, more traditional by temperament, brought the factions back in. Fukuda is a party elder and creature of the factions. He is skilled in intra-party politics and should be able to maintain party discipline if things go well; however, if voter discontent with the LDP continues, he may be sacrificed quickly by the party elders.

Given his immersion in factional dealings, Fukuda has not had to sell his ideas or candidacy to the public nearly as much as Koizumi did or Abe tried to. This represents a sideways step for Japan. Abe's fall clearly demonstrates that political leaders need to fully explain their policy goals and how they will achieve them. Any future leader who seeks to sidestep public debate is likely to be attacked by the media and opposition politicians and find his effectiveness severely diminished. Domestic issues will be most important for Fukuda in the near term, and although Fukuda has spoken generally about his commitment to reform, he has yet to outline his domestic policy priorities. Continuing Japan's economic recovery is a top priority for the Japanese public, and Fukuda needs to set a clear course.

This raises the second point about Fukuda. What will his foreign policies likely be? Part of the answer may lie in his personal background. Like Abe and former foreign minister Taro Aso, Fukuda is a scion of a political dynasty. His father was Takeo Fukuda, prime minister from 1976 to 1978 and best known for the "Fukuda Doctrine" of deepening relations between Japan and South-east Asia based on mutual interests and respect. This pronouncement set the stage for the relatively warm relations enjoyed between Japan and the Association of South East Asian Nations (ASEAN) ever since.

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Fukuda is believed to desire closer relations with China, although what that means specifically is unclear. Abe, too, sought to stabilize ties, so there might not be much change overall—or at least no major reorientation of Japanese Asia policy. Fukuda has lately been quoted as saying that China needs to explain its military buildup more transparently, which puts him more or less where many U.S. administration officials are in their public statements about China.⁴ He was also quoted as saying that he would consider not going to Yasukuni Shrine to pay his respects to Japan's war dead, which has been Beijing's red line for continuing relations.

Fukuda has pledged other continuities with current policy, such as maintaining close ties to the United States. He has reiterated, as expected, that the cornerstone of Japan's security policy is the U.S. alliance. Finally, and most important in the short term, Fukuda supports continuing the MSDF's refueling mission in the Indian Ocean and has pledged to work with the DPJ to secure its acquiescence in extending the SML. This is likely to be the most important policy issue in U.S.-Japanese relations until the end of the Bush administration, and Fukuda has staked Tokyo's relationship with Washington on his ability to deliver continued Japanese participation in the war on terrorism.

The Fukuda Difference

Nonetheless, Fukuda may significantly differ with Abe on several fundamental policy goals. In general, these differences can be attributed to a more "Asianist" leaning in his foreign policy thinking. This would in certain ways complement U.S. policy, but in others, it might put Japan and America on different sides of important issues.

With respect to North Korea, Fukuda supposedly supports considering normalizing relations with Pyongyang and achieving denuclearization as a way to clear obstacles to resolving the abductee issue.⁵ This puts him in line with the Bush administration, but in opposition to his predecessor, who took a hard line against Pyongyang. Washington would no doubt welcome Japan's renewed participation in the six-party talks, Bush's key Asian diplomatic overture. Tokyo would be wise to seriously consider such reengagement.

The key issue of the six-party talks is not aid to North Korea, but rather Japan's potential isolation from the process. The United States, Japan, and China have all expressed varying levels of interest in formalizing the six-party format in some manifestation. This would bring together the leading powers in the region to discuss security issues without the ad hoc measures that so far have prevented a more permanent organization from being established.

There is little chance that such a mechanism would be more than a "talking shop" for the foreseeable future, and it would in no way reduce the importance of the U.S.-Japanese alliance. Tokyo should be wary, however, of being seen as a reluctant participant in such activities. One reason is that multilateral organizations are springing up all over Asia, and Japan needs to maintain a presence in each of them so that they do not become China-dominated. Second, in terms of specific security questions, Japan cannot afford to isolate itself and have the leading Asian voice be China's. Nor can Tokyo afford to have Washington feel that China is a more reliable regional interlocutor than Japan. A new American administration might not value Japan's role as much as the Bush team has.

Thus, if Fukuda were to decide that Japan would rejoin the six-party talks fully, a more important long-term strategic objective might be achieved than the admittedly important moral stance that Tokyo has so far taken in response to Pyongyang's prevarications.

A second area in which Fukuda will likely differ from Abe is his support for a deeper quadrilateral democratic relationship among Japan, the United States, Australia, and India. Just before resigning, Abe visited India on a swing through Southeast and South Asia. While there, he called for closer coordination among the four democratic powers,⁶ referencing Aso's November 2006 speech proclaiming an "arc of freedom and prosperity" running from Asia through Europe.⁷

While none of this moved beyond rhetoric, it offered the potential for a new strategic vision for Japanese foreign policy. It was not based, as some would have it, on alienating or containing China. Rather, it was an assertion that values-based diplomacy—namely human rights, rule of law, democracy, and economic development—should guide relations in Asia, and that the region's democracies were best positioned to respond to the task of inculcating such values.

Fukuda has been quoted as believing that such a stance could be seen as a demand that China change

its internal system—unacceptable pressure in Beijing's mind.⁸ The question for Fukuda and all future Japanese leaders to answer is how much affinity with other democratic nations Japan really has—and how far such affinity should go. Then, the issue of merging such a community of interests with Japan's need to maintain good political and economic relations with China can be brought to the table. Only in this way will a coherent regional strategy for the twenty-first century be forged.

Maintaining Japan's Security

Any ability to craft a forward-looking regional strategy will rest on the degree of security Japan can provide. China-watchers in Japan are well aware of Beijing's decade-long military buildup, in which defense budgets have increased by double digits every year—this year jumping by nearly 18 percent. The People's Liberation Army's naval and air forces have been significantly augmented by new weapons platforms, including ballistic missile submarines and fourth-generation jet fighters, while China's missile capabilities are developing with newer, more accurate versions.

In response to China's military modernization, Tokyo and Washington have worked to integrate their forces under the aegis of the alliance. Joint operations commands are being established, the Japanese are looking to upgrade their forces (including requesting America's most advanced fighter jet, the F-22 Raptor), and Tokyo has committed to ballistic missile defense (BMD) research with America. Japan has launched its own series of spy satellites in order to keep a closer watch on North Korea. In addition, Tokyo has been more willing to participate in joint military exercises, such as "Malabar 07-02" in September 2007, in which Japan joined the United States, India, Australia, and Singapore in a massive naval exercise in the Bay of Bengal.

Yet the specters of a growing China, a nuclear-armed North Korea, and a simmering Taiwan Strait crisis have unnerved many Japanese. Both the United States and Japan have indicated their concern that any cross-strait issue be resolved peacefully, while Japan's defense white paper in 2005 discussed the need to plan for protecting Japan's southern islands, especially the oil-rich Senkaku Islands, from a foreign invasion.⁹ Given the penetration of Japanese waters by a Chinese submarine in 2004, repeated incursions by North Korean spy ships during the 1990s, and Pyongyang's missile tests in 1998 and 2006, Japan's military forces

have seen their scope of responsibility increase steadily in the past decade.

How Fukuda responds to concerns about Japan's safety will be crucial in solidifying his domestic support. Beyond basic statements supporting the alliance, however, it is unclear what Fukuda's views on security are. Will he continue BMD research? Is he as committed to upgrading Japan's defense forces?

Equally important questions revolve around his level of support for the institutional innovations recently undertaken by Shinzo Abe. In January 2007, the Defense Agency was upgraded to a full-fledged ministry, and Abe passed a law establishing a Japanese National Security Council. Along with talk of centralizing intelligence-gathering, these institutional developments would move Japan further toward a national-security-state model with greater decision-making power in the hands of the prime minister. It is unknown how committed Fukuda is to this program.

A Tall Order

While Fukuda has a complex set of foreign issues to deal with, he must also keep his eye on the important domestic reform program begun by Koizumi. Unfortunately, Fukuda is vague on how he will continue Japan's economic recovery.

Fukuda has not clearly explained what his top priorities in domestic policy will be. This is certainly not good enough for Japanese voters, who punished Abe for his inability to solve a major pension scandal, in which over 50 million pension records were lost, and for his lack of clear reform policies. Foreign businesses have begun to complain again about restrictive investment regulations, while grumbling in the countryside over income inequality and hollowed out local cities casts a pall over the generally solid economic growth of the last several years. How will Fukuda respond to these demands? Moreover, will he be willing to take on Japan's entrenched agricultural interests in order to continue Abe's trade liberalization moves, such as the free trade agreement signed last month between Japan and ASEAN?

Fukuda succeeded his father in 1990 and held the record for being the longest-serving chief cabinet secretary. He is generally well-respected and believed to have a good grasp of the issues. Unlike Abe, who created a unity cabinet only after losing the upper house election, Fukuda starts by having the support of almost the entire party leadership.

Even so, at age seventy-one, and with few new ideas so far exhibited to the public, Fukuda may disappoint those hoping for an increased pace in reform and a commitment to Japan's diplomacy of engagement. Fukuda must show he is no caretaker prime minister. He should, rather, decisively define himself and his policies. Stability is prized by the Japanese and desperately needed now, but in a world of change—often dangerous change—stability can slide into passivity and then danger.

AEI research assistant Jennifer Gregg and editorial assistant Evan Sparks worked with Mr. Auslin to edit and produce this Asian Outlook.

Notes

1. See, for example, the pre-election commentary of Yuichi Yamamoto, "How Does a Nation Collapse? And How Long Does That Take?" TokyoFreePress, July 5, 2007, available at www.tokyofreepress.com/article.php?story=20070705094955240 (accessed September 25, 2007).

2. Amaki Naoto, "Jimintou wa owatta" [The LDP is finished], Amaki Naoto no burogu: Nihon no ugoki wo tsuetai [Blog of Amaki Naoko: what's going on in Japan now], September 12, 2007, available in Japanese at www.amakiblog.com/archives/2007/09/12/#000526 (accessed September 25, 2007).

3. Norimitsu Onishi, "Premier's Resignation Leaves Japan in Disarray," *New York Times*, September 13, 2007.

4. Linda Sieg, "Japan's Fukuda Eyes Warmer China Ties," Reuters, September 16, 2007.

5. Blaine Harden, "Party Elder to Be Japan's New Premier," *Washington Post*, September 24, 2004.

6. Embassy of Japan in India, "Joint Statement towards Japan-India Strategic and Global Partnership," Tokyo, December 15, 2006, available at www.in.emb-japan.go.jp/PDF/joint0612.pdf (accessed September 25, 2007).

7. Taro Aso, "Speech by Mr. Taro Aso, Minister for Foreign Affairs on the Occasion of the Japan Institute of International Affairs Seminar 'Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons'" (speech, Japan Institute of International Affairs, Tokyo, November 30, 2006), available at www.mofa.go.jp/announce/fm/aso/speech0611.html (accessed September 25, 2007).

8. Linda Sieg, "Japan's Fukuda Eyes Warmer China Ties."

9. Japanese Ministry of Defense, "Effective Responses to New Threats and Diverse Contingencies and National Defense against Full-Scale Aggression," in *Defense of Japan 2005*, 42–44, available at www.mod.go.jp/e/publ/w_paper/pdf/2005/3.pdf (accessed September 25, 2007).