

COMMENTARY

U.S.-Japan Ties under the DPJ: Reluctant Realism Redux

Michael J. Green

If the Democratic Party of Japan (DPJ) wins the August 30 elections, the party's luxury of opposing everything will be gone. Hence, it is now scrambling to decide how it would actually govern. Overall, the party is modifying its more extreme positions on foreign and defense policy, but sticking with big spending plans at home in an effort to consolidate its support before the Upper House elections in 2010. It remains to be seen whether DPJ leader Yukio Hatoyama will be able to impose policy discipline in a party that has bowed to popular resentment of the government without taking responsibility for hard calls. Moreover, while the DPJ is chock full of young talent, it is also saddled with unresolved ideological divisions. For now, the Japanese public seems ready to give them a chance, and the party will have a year to prove fit to rule.

Old Manifestos

A senior politician claiming to speak for the DPJ visited Washington at the beginning of the summer and told U.S. officials that if the opposition takes control, "everything will change in the U.S.-Japan alliance." Nervous officials in the Obama administration have been eyeing the two DPJ "Policy Manifestos" from 2005 and 2007 to see if this would really be the case. The manifestos promised a long list of demands on Washington that would provoke a bilateral crisis if implemented. These included: revising the sensitive Status of Forces Agreement (SOFA) that governs how U.S. troops in Japan are treated; blocking antiterrorism refueling operations by the Maritime Self Defense Forces (MSDF) in the Indian Ocean; and opposing the U.S.-Japan agreement on relocating Marine bases and about half the Marines now on Okinawa. Some DPJ leaders have also made noise about declassifying all secret agreements related to nuclear weapons between the United States and Japan.

These earlier Manifestos reflected the politics of a badly divided party with poor prospects for winning power. They were generated when Junichiro Koizumi was taking big political risks for the alliance that might have proven a terminal liability had Iraq or Operation Enduring Freedom gone badly for Japanese forces. Internally, the DPJ was almost incapable of reaching consensus on a proactive security policy agenda. The gulf between former socialists following former Hokkaido governor Takahiro Yokomichi and the conservative nationalists closer to Seiji Maehara is larger than the gulf between the Liberal Democratic Party (LDP) and DPJ. In 2001, when then-DPJ leader Hatoyama induced the DPJ to support Koizumi's Anti-Terrorism Law, Yokomichi and 27 other DPJers defied the party and abstained in the Diet vote. The DPJ chose to oppose security policies that had less than 50% support in the polls (like the initial dispatch of forces to Iraq and the Indian Ocean or the Okinawa deal), only to be stuck with their position once the government was able to bring public support above 50% and to push through the necessary legislation.

Reluctantly More Realistic

As the DPJ leadership began smelling the real possibility of taking power late last year, they realized that the old Manifestos were liabilities. One of the closest lieutenants to DPJ leader Ichiro Ozawa told me earlier this year that Ozawa had never actually read the manifestos and that the United States should not worry; they were only intended to appease the left wing of the party and raise the political cost for the LDP. These days, Hatayama, Naoto Kan, Katsuya Okada, and other leaders have studiously avoided talking about the specifics of the old Manifestos in meetings with visiting officials and scholars, choosing instead to explain their dedication to the alliance and their desire only for a more "equal" or "balanced" or "open" dialogue. It no doubt dawned on the DPJ that it faced two choices: it could try to revise core aspects of the alliance and risk all its political capital in a fight with the United States; or it could modify its foreign policy

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promises and focus on economic policies that would give them a strong base to compete in next year's Upper House election.

They have mostly chosen the latter—for good reason. While the public has some specific complaints about the alliance, overall support for the alliance is high, particularly in the wake of North Korean provocations and China's rapidly growing power. Mismanaging the alliance would undermine public confidence in the DPJ and open the party to fissures between conservatives and liberals that the LDP could exploit. Japan remains a center-right nation. Ozawa and Hatoyama know that the DPJ must shift to the center and demonstrate competence if it wants to deal a knockout blow to the LDP.

As a result, in the new election Manifesto issued July 26, the DPJ expressed support for the U.S.-Japan alliance (including a bilateral Free Trade Agreement) and dropped opposition to MSDF refueling operations in the Indian Ocean until at least January when the current law expires. On the other problematic issues of revising the SOFA, and base agreements, the Manifesto only expressed a vague "desire to move towards revision." Party leaders have told the press they will focus on building a personal relationship with President Obama and his key cabinet officials before raising difficult bilateral issues.

Not Out of the Woods Yet

Problem solved for Obama? Not necessarily. As with all things in the badly divided DPJ, this new policy platform represents a compromise and a deferral on building internal consensus. Some in the DPJ leadership believe that Washington will take their demands more seriously once the party has consolidated control in next year's Upper House election. These politicians have no intention to drop the demands of the old Manifestos. However, they will still find that the Obama administration is beset with foreign and security challenges globally and will have little appetite to renegotiate the Okinawa base agreements (again!) or SOFA even in a year. The pragmatic Hatoyama will likely decide that he should choose his fights more carefully. The key question will be whether his defense or foreign minister will feel the same, and whether the Kantei (Prime Minister's Office) can keep the nationalists in both the left and right wings of the party in line.

Either way, the longer-term trajectory in Japanese foreign and security policy, "reluctant realism," will not alter much. One can see the evidence for this in actions on the ground by the Self Defense Forces (SDF), including establishment of the first joint operational command of the ground, maritime and air branches of the SDF in Japan (with rules of engagement to shoot down North Korean missiles without consulting the civilian leadership first), and Japan's first joint operational command overseas to manage antipiracy operations from Djibouti. The antipiracy rules of engagement allow force to defend non-Japanese ships under threat, which puts one foot solidly in the realm of "collective self defense."

All of these things are happening despite the political impasse in the Diet. Hatoyama himself has written eloquently about the importance of revising Article 9 (the "pacifist" clause) of the Japanese Constitution, as his grandfather, former prime minister Ichiro Hatoyama, tried and failed to do in 1955 (the July 2009 Manifesto calls for a free and candid public debate on constitutional reform). Progress on security policy will be incremental and sometimes halting, particularly if the DPJ's internal divisions come to the fore, but this election will not fundamentally alter the long-term trend. Indeed, it has the potential to accelerate the trend if the outcome is a co-opted or ejected socialist camp.

Economic Policy

The DPJ has also caught attention for some of its more extreme pronouncements on economic policy. When shadow finance minister Masaharu Nakagawa claimed that the DPJ government would move away from dollar assets for its \$1 trillion worth of foreign currency reserves, he made headlines. Nakagawa has also stated that foreigners hold too many Japan government bonds (actually many fewer than the large number of foreigners holding U.S. treasury notes). His statements are the finance policy equivalent of the party's populist rants against U.S. bases. The Ministry of Finance favors diversification of its assets but understands that a drastic move away from U.S. treasury bonds would backfire against Japan's economic interests. Hatoyama needs to demonstrate competence in financial policy too, and senior DPJ officials have already disowned Nakagawa's comments.

On the other hand, the DPJ is not modifying its ambitious plans for increasing redistribution of income to citizens at home. The DPJ has promised to increase subsidies for child care, eliminate high school fees, unify the pension fund (ultimately increasing payments overall); to increase the stimulus package to 4% of GDP (compared with 3% for the LDP); and to freeze the 5% consumption tax until at least 2012. The political effect will be to make a lot of Japanese voters, particularly in urban and suburban districts, very happy with the new government. Economically, the DPJ proposal

will likely have a pronounced stimulative effect on the economy leading up to next year's Upper House elections. The problem will be the much greater budget deficits later on.

That stance is worrisome. If the DPJ can build a solid political base for long-term rule, perhaps it will return to fiscal discipline. But if Japan lurches from weak government to weak government, no prime minister in either party will have the political clout needed to re-impose fiscal discipline.

Political Realignment and Policy

The fall of the LDP is not a major surprise. The party was created in the mirror of the Cold War: pro-business, pro-West, and anti-Communist. With the collapse of international bipolarity, it took only a few years before the LDP fell from power and only a few more years for the Socialist left to begin imploding. The LDP thrived under Koizumi because he ran against the party; but his successors, Abe, Fukuda, and Aso, all ran to save the LDP and the public grew disillusioned. In the end, though, it is the center and center-right that will dominate Japanese politics. The LDP may not have survived the Cold War, but many of its ideologically conservative principles have.

Hatoyama will probably begin with poll numbers as high as his three predecessors—around 60% or 70%. Chances are that those numbers will fall quickly, even with generous stimulus packages for the voters. But he can retain power if he harnesses the bureaucrats and brings together the various wings of his party to demonstrate competent economic policies and steady management of relations with the United States and Asia.

The DPJ's threat to place 100 political appointees in the ministries was probably designed to bend the vice ministers and director generals to the party's will, since the DPJ cannot run the government if it actually fires 100 top bureaucrats. That threat probably worked. But with the prospect of future changes of government, the bureaucracy could become increasingly divided and politicized itself. The United Kingdom has a professional bureaucracy little impacted by changes in government, but Britain has experienced those changes of government for over 200 years. Japan's bureaucracy could end up looking more like Taiwan's or Korea's, where more recent experience with changes of government have divided the leadership of key bureaucracies into political camps. Either way, the policy process will likely be more fluid and open and much less predictable. The DPJ will also likely take steps to empower civil society—a very good thing—by easing the rules to establish nonprofit organizations and giving nongovernmental organizations more sway in the policy process and debate.

Ozawa the Enforcer

Katsuya Okada is an attractive and popular politician, but if he stays as secretary general of the party, he will probably not be an enforcer of intra-party or intra-coalition politics. Ironically, the enforcer could be Ichiro Ozawa—the one man in the DPJ who really understands power in the most Machiavellian sense. Hatoyama's campaign slogan "yu-ai" means "fellowship." Ozawa's philosophy might be described as "crush anyone in the way." Ozawa may have said many unhelpful things about the United States over the past few years, but the Obama administration should hope that he is just behind Hatoyama imposing discipline on the disparate groupings with the DPJ and whipping the left toward the center. If not, it might be better for the DPJ to fall apart in a cacophony of clashing populist themes so that Japan can move quickly to the next stage of political realignment.

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