

Back to Earth with the DPJ by Brad Glosserman

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The wave of hysteria that greeted the victory of the Democratic Party of Japan (DPJ) in parliamentary elections last month has receded. The win doesn't signal the end of the U.S.-Japan alliance, nor does it even necessarily imply a rough patch for the bilateral relationship. In fact, domestic policies, rather than the foreign policy agenda, are likely to most profoundly impact relations with the U.S. But keeping the alliance on an even keel is a second-best solution. Next year marks the 50th anniversary of the U.S.-Japan Security Treaty: the two countries could use the opportunity to truly modernize their alliance. Sadly, that isn't likely.

The sky isn't falling

As expected, DPJ head Hatoyama Yukio has made reassuring gestures toward the United States since the election: He made all the right noises in a post-election sit-down with U.S. Ambassador John Roos and in a phone conversation with President Barack Obama, he confirmed that the U.S.-Japan alliance continues to be the foundation of Japanese diplomacy and the two men will meet in a few weeks..

There are plenty of reasons to believe that fears of a DPJ reassessment of Japanese foreign and security policy – and relations with the U.S. – were exaggerated. First, Northeast Asia, from a Japanese perspective, is a scary place. Japanese anxieties have been rising for over a decade and with good reason: the country is surrounded by hostile or potentially hostile neighbors. In this environment, no government is going to undermine the cornerstone of its security system and its foreign policy for the past half century, especially when the alliance has served it so well.

Second, there will be an Upper House election next year. If the DPJ intends to stay in power for more than a year and stand any chance of consolidating its grip on power, it will make sure that voters have no easy reasons to vote against it. That means taking the security issue off the table. Hence, the signs of “new realism” in DPJ thinking even before the election, with revisions of the party platform that soften objections to the Status of Forces Agreement (SOFA) and the base realignment plan.

Third, what is the alternative? Improved relations with Asia is the mantra; striking a better balance between East and West the goal. That is laudable, but how can Tokyo improve relations with Beijing? That key relationship has been on the upswing since Koizumi left office and his successors have stayed away from Yasukuni Shrine to avoid offending Chinese (and Korean) sensitivities.

But the real obstacles to improved Japan-China relations defy any change in government and many require changes not in Tokyo, but in China. The issues include territorial disputes, PLA modernization, a lack of respect for Japan, history, product safety, and crime. They speak to a profound unease in Japan about China's rise, a sense that Japan doesn't get the credit it deserves, and difficulties in Japan and China in dealing with other Asian nations as equals. (And don't forget that it was DPJ kingmaker Ozawa Ichiro who reminded his Chinese hosts seven years ago that Japan could always go nuclear if “China got too inflated.” Balance, yes; naïve or uninformed about security, no.)

Also, the DPJ's desire to forge a more equal partnership with the U.S. is nothing new; it's been shared by almost every previous Japanese government. Realizing that ambition has been blocked by the imbalance in the two countries' defense capabilities and the asymmetry in the very structure of their relationship, a lack of creativity on Tokyo's part when it comes to ideas that could “rebalance” the partnership, and a lack of will to spend political capital on alliance issues.

That last point is particularly important. The DPJ is being pilloried for questioning the Futenma relocation project. But why should the party spend its political capital to deliver on promises the LDP never pushed when it was in power? (The objection that agreements between governments survive a change of one government is correct, but that principle isn't the issue here. And it can be finessed, as noted below.)

Plainly, the sky isn't falling in Tokyo, at least when it comes to the alliance.

A return to Old Japan

The real issue in this election, the one with the most implications for Japan's future and its relations with the U.S., is economic policy. In important ways, this election signals Japan's return to its historical social consensus. The DPJ manifesto and Hatoyama's now infamous *New York Times* opinion piece that appeared before the ballot reflect traditional Japanese approaches to foreign and domestic policy.

Japan is re-embracing its traditional social compact. Hatoyama's *NYT* comment has repeated references to “noneconomic values” and an emphasis on fairness, social welfare, and the failure of “U.S.-led globalization.” This is a rejection of the reform agenda that was (reputedly) pushed by the Koizumi administration. That choice is certainly Japan's to make – and one that a majority of Japanese would endorse; at least the election suggests as much – but it has profound implications for Japan and its alliance partner.

The preference for equality over efficiency signals a turn away from market forces in Japan's economy and will result in even slower growth. Add a mountain of debt – at 170 percent

of GDP, already the biggest among developed nations, and sure to expand with the DPJ's election promises – a bleak demographic profile, and an inward-looking trade agenda, and Japan looks set to marginalize itself within Asia, those regional ambitions notwithstanding.

Trade issues deserve more attention, especially if the new government wants to raise its Asian profile. If current DPJ policies or promises are realized, the prospect of subsidies to farmers in a (misguided) attempt to increase food self-sufficiency will aggravate trading partners. Promises to exclude agriculture threaten to derail negotiations with Australia; the decision to exclude rice from an FTA with the U.S. dooms prospects for that deal. Japan's readiness to increase protection for its farmers may win votes, but it makes bilateral and regional deals tougher, and makes a mockery of the Doha round's call to focus on the needs of developing countries. Japan is not creating "gold standard" trade agreements, nor will it be broadening relations with Asian partners. It certainly won't be able to match China's aggressive trade diplomacy.

Making the most of the 50th anniversary

The U.S. has to respect Japanese choices and adjust policies accordingly. Patience is needed as a new government sorts out the business of governing. A DPJ government will come around and embrace many of the policies of its predecessors. But settling for the status quo is a wasted opportunity. It certainly isn't the best this alliance can manage.

Japan faces unprecedented challenges as it, the region, and the world experience a profound transformation. This is unsettling, but it is also an opportunity. Japan should seize the moment, but it must work within the constraints of the Japanese social compact rather than try to expand or break it. It should and will maintain the alliance as the cornerstone of its security and diplomatic policy, while refocusing that partnership.

But the longstanding alliance bargain needs to be reassessed. *Quid pro quos* are out. For its part, Washington needs to forget about pushing Tokyo to put "boots on the ground" or "to show the flag." That inserts the U.S. into a bitter domestic debate that ultimately politicizes the alliance.

Rather, both countries should think in terms of public goods that serve regional and larger interests. But the real burden rests on Tokyo's shoulders. As Japan's geographic and demographic horizons shrink, it should broaden its security outlook. Let Japan take the lead on a range of initiatives that better suit its needs, its assets, and its mindset. That could mean the provision of human capital throughout the region to institutionalize good governance or sustainable development, or reinvigorated diplomacy on economic or trade issues.

The alliance must diversify and focus less on military issues and more on security broadly defined, whether this is fighting disease, protecting critical infrastructure, stemming the spread of weapons of mass destruction, creating energy security, or trade security. An aggressive and creative agenda, one that Japan helps define and shape, can better balance the two countries' contributions to a real partnership. And if Japan can put something of equal or greater value on the table, then

the capability that Futenma represents should be up for consideration as well.

Asia policy is a vital component of this effort. Rebalancing relations between East and West makes sense, especially if the bilateral security alliance provides the fulcrum. Japan needs to be more deeply embedded in Asia as its demographic woes weaken its economy and the region becomes more integrated. That process should begin now, to maximize Tokyo's dwindling strength, leverage, and influence. Washington has to trust Tokyo to look out for U.S. interests as Asia "emerges"; that is another contribution Japan can make to the partnership.

Next year marks the 50th anniversary of the alliance. As both countries prepare to commemorate a half-century of partnership, they should be aggressive and creative about developing an alliance that best suits their needs, their capabilities, and their responsibilities. That would be a real reason to get excited about a new government in Japan; we aren't there yet.