



A TOUGH YEAR AHEAD FOR MR. ABE

BY BRAD GLOSSERMAN

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Abe Shinzo has begun the seventh year of his second stint as prime minister of Japan, and will, if he continues in office, become Japan's longest-serving postwar prime minister in August, and the longest-serving PM ever in November. Despite an impressive record, governing is not getting easier. Indeed, 2019 may prove to be the most daunting of his tenure. Considerable political skills will help Abe surmount challenges in the year ahead, but two other factors may prove decisive: the lack of a credible replacement (both from his ruling Liberal Democratic Party and the opposition) and the belief that his experience is vital at a time of geopolitical churn.

Domestic travails

Many of the issues that will dominate the domestic political agenda are already visible. The government must deal with fallout from immigration legislation that was passed late last year and will go into effect in April. While there is a pressing need for blue-collar workers to supplement Japan's aging and shrinking population, plans to accept 340,000 foreign workers in targeted industries over five years have generated unease. A recent Pew survey [indicated](#) that only 23 percent of Japanese believe the government should allow more immigrants into their country; 58 percent think the number should stay the same.

If the ruling coalition's heart isn't in those efforts, that is understandable. The influx of foreigners goes to the heart of the conservative belief in the value

of a homogenous Japan. Worse, the measures may not have much effect. Japan will [need](#) about 1.45 million workers in five years throughout the 14 eligible sectors, meaning that the legislation will only fill about 20 percent of the gap – and that assumes that foreign workers will be enticed to immigrate, which is no sure thing since Japanese wages in these jobs are only slightly higher than those elsewhere in the region.

The second domestic political issue is pension reform. Anxiety about economic prospects is a constant for many Japanese, and Abe has proposed raising the retirement age to 70 to ensure that households continue to have a source of income, that skilled workers remain in the labor force, and that pension funds remain solvent. While such measures are welcome, any reform that raises the age at which pensions become available, or restructures benefits, will be radioactive. Reform is not a complete nonstarter, however: A [government poll](#) conducted in 2017 found that 42 percent of people aged 60 or older who work want to continue to do so.

The third big issue is the consumption tax hike (from 8 percent to 10 percent) that is scheduled for October. Originally scheduled for 2014, it has been twice delayed by unfavorable economic conditions and could again be postponed if there is another downturn, which is not hard to imagine given the state of the international economy. Abe has promised "bold countermeasures" to counteract the negative impacts of the tax increase: they include keeping taxes at 8 percent for food and drinks (when purchased as groceries) and offering rewards points equivalent to 2 percent of a purchase when a credit card or other noncash means is used at a small business.

Moments in history

Three big events loom large on the 2019 political calendar. The first is the emperor's abdication, which is set for April 30; the third is enthronement of his son six months later. The historic occasion – no emperor has stepped down in modern Japanese history – will be marked by 10 days of public holidays, which will boost the economy (as will the October ceremonies).

Midway between the two is an election for the Upper House of the Diet. There is noticeable public fatigue with Abe after seven years in power,

especially given the controversies that have marked his second term in the Kantei. While there is little appetite for another non-LDP government – the sour taste of the Democratic Party of Japan experiment (2009-2012) lingers – the opposition is consolidating and a protest vote that significantly reduced (or even ended) the LDP majority in the weaker of the two houses is a possibility. Ironically, goodwill from the abdication could help Abe and the LDP: “ironically” because there is speculation that the emperor decided to step down, among other reasons, to prevent Abe from pursuing constitutional reform, believing that the political system could not handle both at the same time.

Japan also hosts the Rugby World Cup and the G20 this year; neither should have much impact on Abe’s political fortunes. A badly run G20 could hurt him but it is hard to imagine what that entails. While some bureaucracies will be occupied with the meetings, they are not those most focused on his domestic agenda.

Troubles abroad

Abe faces mounting external challenges, too. Mercurial US President Donald Trump creates anxiety no matter what the topic. There are worries that trade friction with China will disrupt Japanese supply chains; others fear that a settlement in that bilateral trade war means that Washington will turn its full attention to Tokyo. In addition to doubts about the president’s commitment to Japan’s defense – concerns have ratcheted up in the aftermath of the decisions to withdraw troops from Syria and Afghanistan and Defense Secretary James Mattis’ subsequent resignation – there is the prospect of contentious negotiations over host nation support. Trump’s policy toward North Korea is another source of heartburn: some worry about his seeming indifference to the reality of the North Korean threat, others are concerned about strains in US-ROK relations and the resulting impact on Japan’s defense, and still others fear that Trump will recognize that he is being played by Pyongyang and return to the “fire and fury” approach of 2017 – magnified by anger at being conned.

Japan’s relations with both governments on the Korean Peninsula are troubled. Ties with Seoul are increasingly frayed – the list of irritants is long, and includes the collapse of the December 2015 comfort women agreement, ROK court decisions

allowing suits alleging forced labor by Japan during the colonization of the Korean Peninsula, and [allegations](#) that an ROK destroyer vessel locked its fire control radar on a Japanese aircraft –and there has been virtually no progress in efforts to open an official dialogue with Pyongyang. Abe continues his diplomatic dance with Russian President Vladimir Putin, but a final deal over the disputed Northern Territories remains beyond his grasp. Abe last year managed to put a floor on relations with China, but wariness is still the watchword in relations with Beijing and Tokyo is steeling for intensified competition for influence with the mainland throughout the region. Hanging over all these concerns – and others – is the prospect of a global economic downturn that will take Japan with it. Ironically, again, these uncertainties work in Abe’s favor: they dampen enthusiasm for change in top leadership when the world is so uncertain.

Dreams deferred

Another set of concerns are less pressing but are likely even more irritating to the prime minister. These are “legacy issues” that refuse to get settled. Two – the fate of the abductees kidnapped by North Korea and the settlement of the territorial dispute with Russia – have been mentioned. Despite Abe’s determination, governments in Pyongyang and Moscow have refused to engage in real dialogue and appear to view him more as a foil for other relationships than a serious interlocutor.

The third outstanding issue is his longstanding pursuit of constitutional reform. The prime minister [pledged](#) in September after election to a third term as LDP president that “it’s time to tackle constitution revision” but that effort remains more rhetoric than reality, its momentum blunted by events that demand political attention and capital, a lack of public support and, again ironically, by the prime minister’s many successes promoting his national security and defense agenda. Reinterpretation of the right of collective self-defense, subsequent implementing legislation, and new National Defense Program Guidelines that push the envelope of a purely defense-oriented national security policy undercut the claim that constitutional reforms are needed to defend the nation.

The fourth outstanding issue is, ultimately, the most significant, the most worrisome, and the one that

will haunt Abe when his tenure ends: his failure to end the malaise that exists in Japan. Abe took office in 2013 [declaring](#) that “I am back and so shall Japan be.” He has done much since then: he has been a tireless diplomat, security policy entrepreneur, and guardian of the international order.

But central to Japan’s revitalization was lifting the pall cast by the lost decades and ending the belief among the Japanese people that their best years were behind them. He pledged to pursue the economic revitalization of his country – the signature Abenomics program – that would reestablish vigor, energy, and purpose.

While the government proclaims that “[Abenomics is progressing](#),” an objective verdict is less certain. The regular IMF review of Japan’s economy, released last November, concluded that six years of Abenomics yielded important results, but sustained high growth, durable reflation, and debt sustainability were as-yet unrealized. More worrying still, the IMF team concluded, Japan’s failure to adopt significant reform means that real GDP will decline by over 25 percent in 40 years.

As disturbing as the IMF conclusions are, equally troubling for Abe is the persistent gloom that dominates the thinking of most Japanese. Less than half the respondents in a recent [survey](#) – 44 percent – believe the country is heading in the right direction. Worse, just over a quarter (26 percent) believe that the financial situation of the ordinary citizen is better than it was two decades ago. Only 15 percent thinks children today will be better off financially than their parents, a number essentially unchanged throughout Abe’s tenure. Japan continues to be held hostage by pessimism and nostalgia and Abe’s failure to break their grip will be his greatest disappointment.

He has no time for such laments now. He and Japan will face a tough year, one that will demand all the experience he has accumulated in a long and turbulent political career.

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