



## Can Fukuda Yasuo Save the LDP? By Sheila A. Smith

As expected, Fukuda Yasuo was elected president of the Liberal Democratic Party (LDP), bringing to an end Japan's leadership crisis prompted by Prime Minister Abe Shinzo's abrupt resignation on Sept. 12. As Fukuda began his tenure as Japan's 91<sup>st</sup> prime minister, the dominant sentiment is that he will bring stability to Japanese politics, but that prediction will be tested in the months ahead.

### The LDP's Crisis

The LDP was badly damaged by its electoral loss and Abe's resignation. The Democratic Party of Japan (DPJ) now controls the Upper House, and thus is in a position to challenge the ruling coalition's agenda. Abe's abrupt departure shocked a disgruntled electorate, creating a sense of national crisis that is only beginning to recede.

The campaign to succeed him revealed the strains in the party since Koizumi Junichiro took office. The country needs change, but the prescriptions are difficult to implement.

Koizumi's reform agenda was just the right amount of change for most Japanese. He capitalized on disillusionment with bureaucrats who had long been in charge of the substance of Japan's national policy. He argued for repairing the discredited financial system, and placed one of the country's best economic minds in the position to implement financial reforms. And while he had moments of unpopularity, Koizumi was offered an opportunity to demonstrate what many Japanese felt was lacking in their diplomacy – a commitment to a more forthcoming and forceful role in international politics.

Koizumi's popularity saw him through. When he took on factional politics within the LDP, the public applauded. When he argued against a back seat for Japan in international relations, the public hesitated ... but ultimately gave him a green light. When he decided that he was tired of external criticism of Yasukuni Shrine, the country seemed to share his irritation – even though many Japanese didn't approve of the image of the shrine itself. And when he dissolved the Diet in 2005, and suggested the Japanese voter could decide whether to liberalize Japan's postal savings system, he took one of the greatest political risks in Japan's postwar history – and again, delivered an electoral success that put the LDP in the strongest position it had been in decades in the Lower House.

Competing with that record would be difficult for any politician, and perhaps expectations for Abe were exaggerated from the start.

Still, the public, and the party, became enamored with the image of a charismatic leader and the party downplayed the skill and experience of the Koizumi administration. Coupled with Koizumi's political sense and flair were politicians

skilled in making government work and that could work the complex problems they confronted in Japan's "reform" agenda. Yet, the Japanese public also seemed ready for slower transitions, and last year chose Abe, a leader that liked consensus rather than confrontation and wanted to preserve Japan's traditional strengths rather than change its core values.

### The Race for LDP Leadership: Aso v. Fukuda

For more than a week, former Foreign Minister Aso Taro and former Cabinet Secretary Fukuda Yasuo traveled the country, giving speeches and putting themselves forward to a public deeply troubled by the country's governance. In style, they were opposites – Aso comfortable and charming, Fukuda cautious and plain. In demeanor, Aso was energetic and easy going, Fukuda quiet and somewhat self-effacing. Aso spoke in great detail about his ideas, his policy preferences and, especially in foreign affairs, about the issues at hand. Fukuda asked for patience as he had little time to prepare for a detailed policy debate, and instead focused on the need for a pragmatic problem-solving approach to win back public confidence.

In a different political moment, Aso might have won hands down. But it is a moment of political transition for Japan, fraught with uncertainty and anxiety. Despite the political drama of the DPJ Upper House victory, it was clear from street interviews that regardless of political preferences or issues, the Japanese wanted above all else "*antei*" – stability.

This is a make or break moment for the LDP. The party gambled with the relatively unknown Koizumi in 2001 and that gamble paid off handsomely. A year later, the party went with what looked like a sure bet, the young and immensely saleable Abe Shinzo, and has paid a deep price. Now, the vote has gone to Fukuda, the elder greatly respected within the LDP and among those in Nagatacho and Kasumigaseki who work in or with the Japanese government.

### Implications of Fukuda's Victory

The new prime minister is due to give his opening policy speech Oct. 1. He has already revamped the party's leadership, tapping two key factional leaders (Ibuki Bummei as secretary general and Tanigaki Sadakazu as Policy Affairs Council chair). He named Koga Makoto, a savvy electioneer, as election campaign strategist and elevated the post in recognition of the fact that the next Lower House election will be critical for the party.

Fukuda's Cabinet also reflects his desire to put all the LDP's strengths to work. Machimura Nobutaka, leader of the party's largest faction, has assumed the post of Cabinet secretary, a sign of the LDP commitment to party unity. Fifteen of the 17 Cabinet members named after the Upper House election were retained, suggesting an emphasis on a stable policy team. Of greatest interest to U.S. observers are

the transfer of Komura Masahiko to the Ministry of Foreign Affairs, and the appointment of Ishiba Shigeru to replace him as minister of defense. Both have served in these posts (Ishiba was director general of the former Defense Agency), and are articulate and forceful policy advocates.

Fukuda inherits a difficult set of issues, and he has already announced his intention to tackle the two biggest issues confronting the LDP in this extraordinary session of the Diet.

The first is a new pension reform bill, and while Fukuda was vague on his plan for this new bill, he has asserted its preeminence in his administration's policy agenda. Second, he is determined to present a new bill on Japan's antiterror cooperation during this session, countering the idea that the government might wait until the normal Diet session next year to present its bill.

In both cases, the LDP and its new leader will confront the DPJ.

Fukuda presents the DPJ and its leader, Ozawa Ichiro, with a significant challenge. Both in style and in substance, he differs considerably from Ozawa. He cannot be painted as a conservative ideologue, nor can he be associated with the image of the Koizumi-Abe legislative steamroller. He represents the moderate and conciliatory branch of the LDP, both in terms of his approach to political process at home and to diplomacy abroad. Perhaps worst of all for the DPJ, he can distance himself from the policies and practices of his predecessors....while effectively threatening the opposition with the LDP's greatest achievement, the two-thirds majority in the Lower House.

Fukuda is a positive choice for those interested in a more engaged regional role for Japan. He will continue to improve Japan's relations with China. The real challenge will be North Korea, and thus by extension how he repairs the perceived strains over the Six-Party Talks with Washington. Part of the challenge is getting Pyongyang to accede to Japan's demand for greater information and access to Japanese believed to be still in North Korea. But the other and equal challenge will be persuading the Japanese public that Japan needs to be flexible as it works within the six-party framework, especially when there are political forces in the LDP and within the larger body politic that will resist him.

The antiterror law will be the first and most public test of Fukuda's ability to work with the DPJ. He sees an early effort to secure passage of a new bill allowing continuation of Japan's involvement in Afghanistan as an imperative. He must put forward a rationale for Japan's involvement, and he will need to change the way Tokyo handles the demand for information on Japanese operations if he is to persuade the public. The DPJ will demand greater transparency in and Diet oversight of Japan's operations, and this will clash with the desire by the U.S. government to keep operational requirements out of the public eye.

### **A New Legislative Balance and Future Policymaking**

As leader of the majority party in the Lower House, Fukuda easily garnered Lower House support as prime minister. But in the Upper House, the opposition parties showed unity by voting for Ozawa as their choice for prime

minister, setting the tone for the legislative contest about to begin. Under Japan's Constitution, the Lower House vote is decisive when the two houses cannot agree, but it is plain that Japan has entered a new political era.

For the first time, the LDP will need to find a way to work with a major opposition party on major challenges. The LDP must persuade some of the opposition of the merits of its policy choices. This extraordinary session will set the tone for both the LDP and the DPJ as they attempt to persuade voters of their ability to run Japan.

The LDP is hoping that with Fukuda as their leader, they may have the opportunity to demonstrate a new bipartisanship in Japanese politics. Fukuda emphasizes his desire for consultations and compromise. He has also publicly stated that the use of the Lower House majority to override the DPJ's majority in the Upper House will be a last resort, and so is hoping for compromise. This may be easier to achieve in pension reform, as the Japanese public will not tolerate too much delay and politicking over social security. But the antiterror law offers the DPJ a bigger opportunity to refuse the LDP's overtures.

The DPJ will be tested as it seeks to walk the fine line between demonstrating policy differences and showing that it has the potential to run the country. Fukuda will need the DPJ's engagement to succeed, however, and it is far from clear that the DPJ sees this as being in their interest.

And so, the tone and temper of the policymaking process in Japan will have to change. Can we look forward to a time when ideas become the focus of debate in Japan's legislature? If so, then the question will be who the Japanese people trust to implement those ideas. Let the Diet begin.....

*Dr. Sheila A. Smith ([ssmith@cfr.org](mailto:ssmith@cfr.org)) is an Adjunct Senior Fellow for Japan Studies at the Council on Foreign Relations, and is currently in Tokyo as a visiting scholar of the Faculty of Law, Keio University.*