

Shinzo Abe's Return: What Does it Mean for India?

RAJARAM PANDA

Visiting Faculty, School of Language, Literature and Culture Studies (SLLCS), Jawaharlal Nehru University (JNU), New Delhi, India

After three years in opposition, Japanese voters returned the conservative Liberal Democratic Party (LDP) back to power in elections held on December 16, 2012. The victory means the hawkish former Prime Minister Shinzo Abe gets a second chance to lead the nation after a one-year stint in 2006-2007. He would be Japan's seventh prime minister in six-and-a-half years. It could also further heighten tensions with rival China.

Earlier polls predicted that the LDP and its ally New Komeito stood to gain two-thirds of the Lower House seats – enough seats to overturn decisions by the Upper House. As it transpired, the LDP and New Komeito together romped home with 294 and 31 seats respectively. Before the election, the LDP had 118 seats.

Prime Minister Yoshihiko Noda's obsession with raising the consumption tax rate, which was not included in the Democratic Party of Japan's (DPJ) 2009 election manifesto, showed that he was completely under the control of Finance Ministry bureaucrats. During the DPJ administration, workers' wages stagnated and part-time workers came to account for more than one-third of the nation's workforce. On election day, the DPJ's numbers in the Lower House decreased to a record low with only 57. In addition, the diplomatic squabble between Japan and China over ownership of the Senkaku Islands must have made some segment of Japanese voters feel that Japan is weak-kneed.

Is the LDP the Real Winner?

Although the LDP emerged victorious, neither the LDP or Abe are particularly popular, but rather the DPJ was so unpopular. With the LDP having won a decisive two-thirds majority in the Lower House, it will allow it to re-submit and pass legislation rejected in the Upper House. In practice, however, forming a political coalition on any of these objectives will not be easy. The Japanese polity is deeply split on these and other issues. The Restoration Party, for example, which shares Abe's views on constitutional and defense issues, will not solve Abe's problem of commanding a majority in the Upper House where the Restoration Party has only three seats. And the LDP's main coalition partner, the Komeito, is wary of supporting these changes. The configuration of policy positions across parties means that Abe would have to take political philandering to new heights that would enable the LDP to do what it wants.

On economic issues, the LDP and Komeito have similar positions: inflation target; dealing with the high yen; and spending up on infrastructure. The infrastructure budget has been shrinking over time and there is a case for revitalization of Japan's ageing infrastructure. Abe has proposed lavish spending on public works to stimulate the economy and if this happens, this will rewind the efforts of the DPJ to cut the government's bloated debt.



Experiences in the past do not suggest that Abe's proposals will succeed. His reflationary policies to end persistent deflation are unlikely to succeed as extreme measures are strong pill with potentially serious side effects. For example, after World War II, the government forced the Bank of Japan to buy government bonds to generate cash to fund a recovery. This resulted in hyperinflation and commodity prices spiked 70-fold from 1945 to 1949. In 1989, a new law abolished the power of the Finance Minister to replace top Bank of Japan executives, while giving central bank greater independence. Now Abe proposes to amend the Bank of Japan law. Analysts across board in Japan say that Abe's proposals go against "lessons learned from history" as government intervention by developed countries in central bank decision-making can have serious repercussions. This makes Australian economist Peter Drysdale to remark that letting the LDP lead on infrastructure revitalization is rather like "putting a vampire in charge of the blood bank".¹

The irony is that the LDP and Komeito tied up with the DPJ to enact the bill that will double the consumption tax rate to 10% from October 2015, despite the risk that doing so will further wreck the Japanese economy by inducing a fall in tax revenues. The Japan Restoration Party's economic policy is based on neoliberal fundamentalism. For example, it calls for abolishing the minimum wage system. Even during his tenure in office, LDP's Junichiro Koizumi pushed similar neoliberal economic policies and people's lives did not improve and poverty became a real issue.

Issue of Constitutional Revision

The political parties' stances on the Constitution, especially regarding the war-renouncing Article 9 and the right to collective self-defense, are important. Unfortunately the government's traditional interpretation has been that the Constitution prohibits the exercise of the right to collective self-defense. There are fears that changes to Article 9 and to the government's interpretation of the right to collective self-defense would shatter the trust Japan has gained from the international community through its adherence to its constitutional no-war principle in the decades that followed the end of World War II. Such views indicate that changes would only contribute to the destabilization of East Asia. It seems likely that the safest route for the LDP and its partners is simply to change the government's current interpretation that bans the exercise of the right to collective self-defense, while not revising the Constitution's no-war principle.

Both the LDP and the Japan Restoration Party call for revising the Constitution, including revision of the war-renouncing Article 9, and for exercising the right to collective self-defense. Broadly, the LDP's traditional inter-

pretation is that the Constitution prohibits Japan from exercising that right. If the right to collective self-defense can be exercised, Japan would be legally able to take military action to defend a nation with close ties with Japan if that nation is militarily attacked by a third party. Attention must be paid to the fact that while a constitutional revision requires the support of two-thirds of the Diet members to initiate a national referendum, changing the government's interpretation of the Constitution related to the right to collective self-defense does not require such a procedure.

The LDP and other parties calling for the exercise of the right of collective self-defense can enact a bill that will change the government's traditional interpretation. Exercising the right to collective self-defense would open the way for involving the country in a military conflict not directly affecting it. This would violate Japan's defense-only policy. Such a bill would completely gut the no-war Article 9.

The LDP draft calling for revision of Article 9 to create a National Defense Force (NDF) states that the proposed NDF, under a specific law, can take part in international cooperative activities to help maintain peace and security in the international community – a concept that can be used to justify Japan's participation in virtually any type of military mission abroad.

Even without revising the Constitution, the LDP may try to enact a bill to expand the Self-Defense Forces' activities overseas. Given Japan's military aggression in the Asia-Pacific region in the 1930s and 1940s, the LDP's posture might arouse suspicions about Japan's true intentions among neighboring and other countries, thus destroying the international community's trust in Japan. It could also lead to a fierce arms race and destabilize East Asia.

Nuclear Issue

Being an island country unlike Germany, Japan cannot just get energy from other countries in a pinch and therefore has to rely on nuclear energy, and pre-election day polls showed about 80% of Japanese want to phase out nuclear power after the March 2011 meltdown at the Fukushima Daiichi nuclear plant. But nuclear energy ended up not being a major election issue. As a result, the staunchly anti-nuclear Tomorrow Party, formed just three weeks ago before the elections, captured only 9 seats. The LDP is the most pro-nuclear party, and has said Japan should decide over the next 10 years what sort of energy mix is best. Abe, considered one of the more conservative figures in the LDP, pursued a nationalistic agenda pressing for more patriotic education and upgrading the defense agency to ministry status during his previous tenure.

Although the Fukushima catastrophe highlighted the inherent danger of operating nuclear power plants in Japan, Abe opposes the elimination of nuclear power. He says nuclear power plants whose operations are veri-

¹ Peter Drysdale, "Japan: an election for what or to where?" (*East Asia Forum*, 17 December 2012).



fiably safe should be brought back online. But nuclear waste storage facilities at such plants are almost full and no technology exists at present to ensure the safe, storage of high-level radioactive waste.

Stance on Foreign Policy

A government led by Abe could mean a shift in Japanese foreign policy that discomforts some of the country's neighbors. A segment of the electorate favored the LDP's vows to build a stronger, more assertive country to answer increasing pressure from China and threats of North Korean rocket launches. Abe asserts that he will protect Japan's "territory and beautiful seas" amid a territorial dispute with China over some uninhabited islands in the East China Sea. The LDP also benefited from voter confusion over the dizzying array of more than 12 parties, including several new parties.

One of the new parties, the right-leaning, populist Japan Restoration Party, won 54 seats. The party is led by the bombastic ex-Tokyo Governor Shintaro Ishihara and Osaka Mayor Toru Hashimoto, both of whom emerged as polarizing figures with forceful leadership styles. Ishihara was the one who stirred up the latest dispute with China over the Senkaku Islands when he proposed that the Tokyo government buy them from private owners.

It remains to be seen how he will handle Japan's China policy, though he is already talking tough. The LDP platform also calls for developing fisheries and setting up a permanent outpost in the disputed Senkaku Islands – a move that would infuriate Beijing. During his first term, Abe also insisted there was no proof that Japan's military had coerced Chinese, Korean and other women into prostitution in military brothels during Japan's wartime aggression in Asia. He later apologized but lately he has suggested that a landmark 1993 apology for sex slavery needs revising.

Abe is said to have expressed regret for not visiting Yasukuni Shrine, which enshrines Japan's war dead, including war criminals, during his first term. China and South Korea oppose such visits, saying they reflect Japan's reluctance to fully atone for its wartime atrocities. The LDP wants to revise Japan's pacifist Constitution to strengthen its Self-Defense Forces and, breaching a postwar taboo, designate them as a "military". It also proposes increasing Japan's defense budget and allowing Japanese troops to engage in "collective self-defense" operations with allies that are not directly related to Japan's own defense.

Responding to China's assertiveness, the Abe government has sought to increase defense spending in 2013. Indeed, China's defense modernization and assertive stance on territorial issues in recent years is a matter of concern that has engaged security analysts in dissecting how to handle this issue. China's unpredictability and its relentless rise are driving regional powers, including the United States, to seek counterstrategies either independently or in cooperation with other regional powers. US President Barack Obama's "pivot to Asia" policy may also

be analyzed from this perspective. Abe is not shy in articulating his government's policy to review Japan's military strategy, whose primary aim is to offset China's growing military power.

The new National Defense Program Guidelines adopted in 2010 by the DPJ called for gradual reductions in defense spending and in the size of Japan's military, particularly, in the number of tanks and infantry members. Though the guidelines called for increasing military cooperation with the United States and other democracies in the region, including South Korea, Australia and India, it did not address requests from Washington for Japan's Self-Defense Forces to join in three-way drills with the United States and South Korea that would be aimed at North Korea. Before Abe, Japan had long resisted American calls to increase its military role in the region because of the constraints posed by its constitution. Though the new guidelines seemed to indicate a willingness to slightly raise Japan's military profile, it was only in a defensive manner. Now, Abe is committed to strengthen Japan's military to defend the country's control over uninhabited islands in the East China Sea claimed by both nations but controlled by Japan.

What are the implications of Japan's increase in military expenditure? The new spending plan, proposed by the LDP, would seek to increase the number of ground troops, strengthen air and sea defenses around the disputed islands, and buy new early-warning aircraft to guard against Chinese intrusions near the islands, as well as attempt to step up airborne and maritime surveillance, and missile launches by North Korea. In addition, Defense Minister Itsunori Onodera said Abe's government would review the long-term basic defense program that was adopted along a midterm defense build-up program in 2010 by the previous DPJ. The LDP's ambitious plan also includes a feasibility study on acquiring Osprey aircraft, American vertical take-off transport planes. With a budget spending of US\$ 53.3 billion on defense, Japan has one of the largest and most-advanced militaries in Asia, though it has kept a low profile. Abe's nationalistic stance is aimed at raising Japan's military profile in the region and arresting Japan's declining influence, besides helping its ally, the United States, to counter China's rising military prowess.

During his first term, on Abe's initiative, both Japan and China adopted the concept of "mutually beneficial strategic relations", thereby opening a new chapter in bilateral relations after ties were frozen due to his predecessor Junichiro Koizumi's repeated visits to Yasukuni Shrine. That bonhomie, however, is not going to be repeated during Abe's present term because the security environment in the region has drastically changed.

Assessment

The election results were a sharp rebuke for Prime Minister Yoshihiko Noda's ruling DPJ, reflecting widespread



unhappiness for its failure to keep campaign promises and get the stagnant economy going. Abe candidly acknowledged the win was more of a protest vote against the DPJ than an endorsement of his party. The LDP, in coalition with New Komeito, will control 325 seats, a two-thirds majority that will make it easier for the government to pass legislation. Evidently the voters felt that it would be safer to give governing power back to the party that has had long experience in running the nation. But there is no guarantee that, given the LDP's policy proposals, people's lives will improve or that the international environment surrounding Japan will become stable.

Media polls suggest that Abe is not particularly popular, signaling the possibility that the LDP-New Komeito alliance could see a defeat in the Upper House election as voters have often swung back to the other side after giving one party a landslide win in a Lower House election. Abe seems well aware of this. He knows that the victory does not mean voters gave hearty approval to the LDP. Instead, they moved to "end three years of chaos" under DPJ rule.

Japan has not been able to emerge from a twenty-year economic slump or effectively respond to China's emergence as Asia's most important economic player. The Japanese people no doubt expect their new government to quickly deliver results. Increased public works spending and lobby for stronger moves by the central bank to end Japan's deflationary trap could start to revive the country's struggling economy.

These may seem lofty ideas, and they will be difficult to implement given the complexity of Japanese politics. Moreover, these issues were not adequately discussed during the campaign. And it is not clear how strongly the LDP will push such proposals, which have been kicked around by conservatives for decades to scant result.

2013 will be an important year as new administrations take office in the United States, China, South Korea and Japan. The issue of China's rise is expected to engage policy makers. As China seeks to secure its development as a maritime nation, it will no doubt pursue an assertive track, not just on territorial issues with Japan but on numerous other political, economic and military matters affecting other countries in the region. Key will be the United States's pivot toward Asia, a policy partly devised to counter China. The United States can also be expected to request Trans-Pacific Partnership (TPP) participation and greater security cooperation from Japan.

How Do Changes in Japan Impact India?

What does the change in Japanese politics mean for India? Given by the experience of the past decade or so, the bonhomie between the two countries will only deepen and the political change will bolster this evolving partnership. The peoples of both India and Japan have accepted the frequent change in leadership so long as this happens within a democratic framework, while guaran-

teeing political stability and continuity in basic policies. Against the background of China's ascendance, Japan and India, Asia's two largest democracies and second- and third-largest economies, respectively, have found strategic convergence. This is consistent with most theories of international relations. Realists see this behavior as a natural effort by each state to expand relative power and navigate a security dilemma with China. Neoliberals will argue India's vast economic complementarities with companies enjoying respective government's support to further mutual economic interests as another platform to elevate the relationship to a higher plane. This development is complemented by common state behavior such as common liberal-democratic values, and the absence of any historical grievances unlike Japan's neighbors such as China and South Korea.

The China challenge is also driving India, Japan and the United States to a common platform. This development needs to be appreciated against the background of the existing security alliance relationship between Japan and the United States, and the deepening strategic convergence of interests of India with Japan and the United States. Senior Japanese officials briefed Indian and US officials about the security dilemma that Japan confronts with China as territorial dispute over the Senkaku Islands in the East China Sea. And another trilateral meeting explored the possibilities of working together in the region. This coordination has attracted criticism from Beijing, which has blamed Tokyo for spreading anxiety about China's rise.

The trilateral relationship has now evolved into a deeper interaction where each nation exchanges its strategic perceptions of the region. In the past months, India, Japan and the United States have been working together to develop trade and economic linkages in Southeast Asia. Myanmar also plays a key role as all three countries have reformed their ties with the country that was, until recently, under the tight-fisted rule of a military junta.

On the economic front, India has proposed an east-west corridor connecting India via Myanmar with Thailand and further all the way to Vietnam. India, Myanmar and Thailand are already working on a trilateral highway that aims to ease transportation and improve economic linkages among the countries of this region; the trilateral effort will only augment this. At a deeper level, this aims to give countries on this corridor an alternative to the north-south connectivity provided by China's massively funded outreach to the region.

While a lot depends on India's growing presence in Myanmar, and America's strategic heft will be necessary, in practical terms Japan's overseas development assistance (ODA) programme will fund these ventures. In past decades, Japan had used ODA to its advantage, but in recent years, Japanese assistance has dwindled, and in many countries the loss of aid from Japan has been replaced by China. Japan, whose ODA is currently over-



whelmingly directed to India and also Vietnam, is now returning to cheque book diplomacy as it attempts to regain influence in a China-dominated region.

As India, Japan and the US engage more intensively in the Asia-Pacific they are bound to come up against a more assertive China, which will take exception to what it sees as an attempt to corral it. India has asserted that it has interests in the Asia-Pacific, a fact that was mentioned in a joint statement with the Chinese Defense Minister during his recent visit to India. The three countries are also looking at joining forces for economic development projects in Afghanistan, which is of strategic importance to both India and the United States, while Japan may remain one of the largest donors in the post-2014 environment. India and the United States are working together to ensure Afghanistan doesn't descend into chaos again.

Also, India, Japan and the United States will have to try harder to assuage sensitivities of China, which is crying foul. The Chinese Foreign Ministry issued a veiled caution by saying it hoped "relevant countries will make more effort to promote regional peace, stability and development".² The official *Xinhua* news agency quoted spokesperson Hong Lei saying, "it is in the interests of all countries in the region".³ The more militaristic *Global Times*, widely believed to reflect the views of a nationalistic Communist Party of China (CPC), said in an editorial, "Japan is causing problems for China, but it is not the country's foremost worry".⁴ "China has some hopes of

carrying out strategic cooperation with India. If Asia falls into chaos because of how to deal with China, the result will be good for nobody", it added.⁵

However, China too has recently stepped up its own activities. China's official agency stated that Beijing had "chased" away Japanese vessels from the contested Senkaku Islands in the East China Sea, asserting its "management". In the South China Sea, where it is fighting for sovereignty of the Spratly and Paracel Islands with Vietnam and the Philippines, China has increased construction work in the newly created Sansha city, which became a prefecture in July 2012. According to Chinese authorities, this city is expected to control administration of Paracel Islands, Macclesfield Bank, Scarborough Shoal, and other assorted reefs, sandbanks and some 200 small uninhabited islets and their surrounding waters in the contested Spratly Islands. China has even announced it will build a military garrison in Sansha, which has drawn protests at the militarization of the South China Sea.

In 2006, Shinzo Abe predicted that Japan's relations with India had the potential to eclipse its ties with the United States or China. With this vision, the future of India-Japan relations looks optimistic. Currently, both countries are negotiating a civil nuclear deal. Though the Fukushima accident led Japan to reassess the future of its nuclear energy, Abe's approach to restart reactors that are considered safe makes the prospect for the India-Japan nuclear deal a good one. Besides strategic cooperation, trade ties, complemented by cooperation in the field of maritime security, are also likely to grow in the coming years and would find a boost during Abe-II period.

2 "China FM responds to U.S.-India-Japan dialogue" (*Xinhua*, 30 October 2012).

3 *Ibid.*

4 "Multi-country dialogues growing hollow" (*Global Times*, 30 October 2012).

5 *Ibid.*

EDITOR | Paulo Gorjão

ASSISTANT EDITORS | Kai Thaler • Sean Goforth

DESIGN | Atelier Teresa Cardoso Bastos

Portuguese Institute of International Relations and Security (IPRIS)
Rua Vitorino Nemésio, 5 - 1750-306 Lisboa
PORTUGAL

<http://www.ipris.org>
email: ipris@ipris.org

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