

# JAPAN ECONOMIC CURRENTS

A COMMENTARY ON ECONOMIC AND BUSINESS TRENDS

## Whither Japan after the Earthquake?

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### Japan's lack of political leadership—a source of public frustration

At some point in the future, the Great East Japan Earthquake that struck the country on March 11 of this year and the subsequent Fukushima Dai-ichi Nuclear Power Plant accident may be regarded as watershed events in terms of the direction Japan takes from now on. Namely, the people of Japan are experiencing what could be called their first sense of national crisis since World War II. The public also feels a great deal of concern about and disgruntlement with the nation's political leadership in responding to the crisis. Such public sentiment could serve as the momentum to move the country ahead.

Prime Minister Naoto Kan has already expressed his intent to resign but has not indicated a specific timeframe for stepping down. This makes the people of Japan distrustful and, with his administration already in lame duck mode, creates a leadership vacuum. This political state of affairs is fueling a profound sense of crisis among the people of Japan, for it

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comes at a time when the nation has been hit by a complex crisis—unprecedented tsunami devastation and the nuclear reactor accident—and the recovery effort in the Tohoku region and elsewhere is a pressing issue. In a symbolic turn of events, a careless slip of the tongue by Ryu Matsumoto, who was Prime Minister Kan's appointee as minister of reconstruction, resulted in his resignation shortly after assuming his post, which was then filled by Tatsuo Hirano. This sorry set of circumstances surrounding the selection of the minister functioning as the key figure in charge of disaster recovery prompted a sense of helplessness, rather than anger, in the disaster-stricken area.

On top of that, with no sign of a post-Kan leader in the Democratic Party of Japan (DPJ), a quiet sense of alarm is growing among the Japanese public.

Commentators both at home and overseas wonder why the people of Japan are not out in the streets now staging demonstrations against the incompetence of political leaders. But Japanese voters handed the current reins of power to the DPJ in the general election of 2009 when they chose this party as the alternative to the Liberal Democratic Party (LDP), which had enjoyed the confidence of the Japanese people for more than half a century going back to 1955. Democracy in Japan is in a period of transition, and while the public is fed up with the lack of leadership, it would appear that the people of this nation are in the process of experiencing the difficulties and responsibilities that were part of the package when they chose democracy. For this very reason, it can be said that the current political turmoil in Japan could

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potentially serve as a dynamic force for significantly changing the direction of Japanese politics from the orientation that has prevailed up to now.

Professor Gerald Curtis of Columbia University, a veteran observer of Japanese politics and a Tokyo Foundation senior fellow, has commented that, while critical of the present state of affairs in the country's politics, he is optimistic about what the future holds. Presumably, in his view Japanese politics is in a historical period of transition, and the confused state of politics today carries the potential for a new structure and a new direction tomorrow. I also subscribe to that viewpoint. My sense, though, is that the forthcoming reconstruction of political leadership will not be a simple task, and for that reason I am cautiously optimistic.

### The emergence of a promising new generation of leaders

My cautious optimism is underpinned by a new trend that is visible in Japan's response to the earthquake and tsunami as well as the nuclear accident. Namely, the crisis management policy pursued by a new generation of politicians in the Kan administration represents a departure from the nation's policy in the past.

Japan's Self Defense Forces (SDF) swung into action 29 minutes after the Great East Japan Earthquake struck. In the space of 7 days, the SDF mobilized 100,000 troops and launched search and rescue operations as well as support activities. The first-ever SDF joint task force was established, and the Ground, Maritime, and Air Self Defense Forces engaged in closely integrated operations.

The United States Pacific Command (USPACOM) implemented Japan relief activities in the form of Operation Tomodachi, for which it deployed 24 ships, including 2 aircraft carrier strike groups—the USS Ronald Reagan and the USS George Washington—as well as 190 aircraft and 24,000 troops. Operation Tomodachi involved a broad array of activities that consisted not only of conducting search and rescue operations for trapped and stranded survivors but also removing debris and so forth from sites such as Sendai Airport and the Port of Oshima, monitoring radioactivity, providing barges to transport water for reactor cooling, and sending in a Chemical Biological Incident Response Force unit, a special team for handling nuclear accident situations.

To ensure sound mutual understanding between itself and its Japanese

counterpart, the USFJ established a 300-strong joint support force at Yokota Base, and an SDF liaison team was dispatched there to coordinate relief efforts. The liaison officer from the SDF was one of its top-tier people: Major General Koichiro Bansho, who holds the key post of Ground Self Defense Force assistant chief of staff. In this way the Japan-U.S. alliance undertook joint operational deployment in what could be termed a quasi-contingency situation.

However, in contrast to the SDF-USPACOM cooperation, which from the outset of the disaster was characterized by strong military camaraderie, collaboration between civilians in the Japanese and U.S. governments was characterized by doubt and concern due to inadequate sharing of information. But the DPJ administration, which lacked sufficient emergency response experience, addressed this problem by establishing its own framework for sharing information at the civilian level. This effort was spearheaded by Goshi Hosono, special advisor to the prime minister, and Akihisa Nagashima, former parliamentary vice minister of defense, who formed a task force that brought together representatives of the government of Japan, Tokyo Electric Power Company, the U.S.

Nuclear Regulatory Commission, the U.S. Department of Energy, and the USAF. This task force contributed to easing the perception of distrust between Japan and the United States that had caused concern in the initial days following the disaster.

Hosono, who is 39 years old, and Nagashima, who is 49, represent a new generation. Hosono's contribution has been noted, and he presently holds a key post as the State Minister in charge of handling the nuclear crisis. Individuals like him who belong to the younger generation of politicians possess the ability and the mindset to greatly change the security and crisis management policies that Japan has followed up to now. Such a tendency was already visible in Prime Minister Kan's administration even prior to the disaster. In December of last year the Kan administration adopted Japan's new National Defense Program Guidelines (NDPG). As parliamentary vice minister of defense and secretary general of the DPJ's Foreign Relations and Security Research Committee, Nagashima was instrumental in formulating and finalizing these new guidelines. He also has experience working at the Council on Foreign Relations—he was the first Japanese to serve as a full staff member of this prestigious

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U.S. think tank—and is an authority on international security policy.

### Japan's directional shift revealed in the new NDPG and the Japan-U.S. 2 + 2 agreement

The new NDPG contains the potential for a historic shift in Japan's crisis management and security policies. Based on the legal limitation stipulated in Article 9 of the Constitution and on political constraints, Japan's defense policy up to this point has been in keeping with the "Basic Defense Force" concept, whereby the nation has maintained a passive defense posture in order to prevent the emergence of a power vacuum in the region. In the new NDPG, though, Japan makes a shift to a policy that, based on the new "Dynamic Defense Force" concept, stipulates that the nation will determine its defense posture in response to challenges in the surrounding international environment.

The NDPG also refers to the establishment of a crisis management structure modeled on the U.S. National Security Council. Future public support of this proposed structure, which would be under the prime minister and would function in response to complex contingency situations, is also anticipated, since this structure could also work effectively in handling emergency situations such as the natural disaster and nuclear accident last March.

The new direction of Japan's crisis management and security policies is also evident in the joint statement released on June 21 of this year when the Japan-U.S. Security Consultative Committee (SCC) met. This SCC meeting, which is informally known as the 2 + 2 Ministerial, brought together Japan's minister for foreign affairs and minister of defense with their U.S. counterparts, the secretaries of state and defense.

One reason behind the new direction is changes in the international

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environment. For one, tension between China and neighboring nations over territorial disputes in the South China Sea is high, and with overall awareness of China's ascent, the Japan-U.S. alliance is becoming more valuable. At the same time, U.S. economic and financial limitations are also recognizable, and expectations regarding Japan's role are mounting more than ever before. On top of that, with the birth of the DPJ administration in 2009, the U.S. side had some doubt as to whether the country's new DPJ government would support the alliance in the same manner as its LDP predecessor, and Prime Minister Yukio Hatoyama actually did stray off course concerning the relocation of Futenma Base. But the important point here is that, by reconfirming common strategic objectives during the recent 2 + 2 talks, the Japanese government reaffirmed that support for the Japan-U.S. alliance would continue even under the DPJ administration, which pulled off a historic political power shift.

In reality, as the 2 + 2 common strategic objectives illustrate, the agreed-upon mission of the Japan-U.S. alliance in the East Asian region is to encourage China's adherence to international norms of behavior, to

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encourage the peaceful resolution of cross-Strait issues (between China and Taiwan), and to strengthen security cooperation with ASEAN and support ASEAN's efforts to promote democratic values and a unified market economy.

In a further move, the updated common strategic objectives also articulate a "Japan-U.S. alliance-plus" arrangement that calls for their joint involvement in trilateral cooperation with ASEAN as well as with additional individual partners: Australia, the Republic of Korea, and India. Moreover, in light of the close interoperability of the USPACOM, United States Forces Japan (USFJ) and the Japanese SDF that was tested by the Great East Japan Earthquake, steps to strengthen deterrence and emergency-handling capabilities were hammered out as part of the new 2 + 2 agreement between Japan and the United States. In light of experiences during the disaster last March, the two countries also agree on the establishment in Japan of a

logistics hub for humanitarian support and disaster relief in the Asian region.

Signs of a major shift in Japan may in some ways be historically inevitable. The nation's post-war strategy, as encapsulated by the policy known as the Yoshida Doctrine, has been to pursue a path of light armament and an emphasis on economic growth. This doctrine takes its name from Shigeru Yoshida, a former diplomat who served as Japan's prime minister from 1946 to 1947 and again from 1948 to 1954. He is the Japanese politician who in 1951 concluded the San Francisco Peace Treaty with the United States and other Allied Powers of the West and also entered into the Japan-U.S. Security Treaty with the United States.

After regaining its sovereignty in 1952, Japan was allowed access to the markets of the United States and other Western nations amid the international climate of the Cold War between East and West. Moreover, as a result of its security treaty with the United

States, Japan was able to minimize the economic burden of rearmament and concentrate on economic development. Domestic support for that orientation was bolstered by strong antiwar sentiment as the nation's people reflected on the tremendous casualties and devastation that occurred during the War in Asia and the Pacific. That sentiment has reinforced Japan's renunciation of war in Article 9 of the Constitution. As the energy of the Japanese people was directed toward domestic reconstruction and economic growth, the nation benefited from the stable international climate shaped by East-West polarization during the Cold War era. Japan then proceeded to join the ranks of advanced industrial nations and achieve the world's second-highest GDP.

With the end of the Cold War framework, however, Japan saw that there was a limit to its economic growth. It also relinquished its position as the world's second-ranking economic power to China, a nation on the rise. Meanwhile, although the long reign of the LDP meant stability, the flip side of that was that competition among political parties as well as politicians had declined and strong leadership had not been developed. The Great East Japan Earthquake came at a stage when genuine competition

among parties and political leaders, as seen in 2009, had just begun. The DPJ administration may be a new ruling regime, but former Prime Minister Hatoyama and current Prime Minister Kan are both old school politicians. However, a qualitative transformation of politicians is unfolding inside the DPJ and even within its LDP opposition as a generational shift occurs. This transformation, coupled with public aspirations and changes in the international environment, creates a situation in which Japan's political leadership has to change.

As I look back a ways in the nation's history up to now, I think that present-day Japan is at a historic turning point along the lines of the Meiji Restoration in the latter half of the

nineteenth century, the outbreak of war with the United States in 1941, and the San Francisco Peace Treaty in 1951. At such junctures in the past the right leaders have emerged and have dynamically changed the direction of the country. Signs of change are already discernible in the nature of individual politicians belonging to the new generation, at least, and in the nation's direction. As history shows us, however, transformation also requires a certain amount of time. It is not a simple matter of change being accomplished within a few years. I am therefore cautiously optimistic about the future of Japanese politics.

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