

Background

No. 2100
January 24, 2008



Published by The Heritage Foundation

Securing American Interests in Japan's Uncharted Political Waters

Bruce Klingner

The Japanese political landscape has been shaken during the past six months. The ruling Liberal Democratic Party (LDP) suffered a humiliating election defeat in July 2007, losing control of the House of Councilors (the upper house of the Diet) and leading to the abrupt resignation of Prime Minister Shinzo Abe. Japan now faces an unprecedented situation in which the House of Councilors and the House of Representatives (the lower house) are controlled by opposing parties. This has created legislative gridlock on issues critical to U.S. strategic interests.

An emboldened Democratic Party of Japan (DPJ), the opposition party that controls the upper house, has vowed to pursue an obstructionist strategy to create a political crisis and force elections for the lower house.¹ The political scene was thrown into further turmoil by opposition leader Ichiro Ozawa's secret negotiations to create a grand coalition with the ruling party. The DPJ leadership vehemently rejected the initiative, leading Ozawa to resign, only to return three days later after the party implored him to rescind his resignation. Ozawa's blunder grievously wounded both his political reputation and the reputation of the DPJ.

These political machinations have significantly weakened both the LDP and the DPJ, but like two battered and weary boxers who have retired to their corners to nurse their wounds, both must return to the political ring to do battle. As they seek to gain political advantage, they could do considerable damage to themselves and to Japan's relationship with the United States.

Talking Points

- The Liberal Democratic Party's humiliating defeat in July 2007 elections for the House of Councilors has shaken the Japanese political landscape, leaving Japan with a divided Diet and an opposition party determined to obstruct the LDP agenda.
- The sudden departure of stalwart U.S. ally Shinzo Abe and the contentious Japanese debate over Japan's commitment to the global war on terrorism has upended U.S. policy toward Asia.
- Perceptions that Prime Minister Fukuda favors cooperation over confronting North Korean and Chinese threats may raise U.S. concerns that Japan will retreat to a less assertive, more isolationist policy.
- Putting the U.S.–Japan relationship back on track is essential to ensuring continued peace and stability in Northeast Asia; however, this will require a concerted effort by both countries.

This paper, in its entirety, can be found at:
www.heritage.org/Research/AsiaandthePacific/bg2100.cfm

Produced by the Asian Studies Center

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

There is now great uncertainty over the direction in which new Prime Minister Yasuo Fukuda wants to lead Japan and about his policies toward the U.S., China, and the Six-Party Talks. One thing is clear: During 2008, Fukuda will focus primarily on regaining public support for the LDP in the run-up to a lower house election. He will place far less emphasis than his predecessor on expanding Japan's regional and international security role, a policy strongly favored by the Bush Administration.

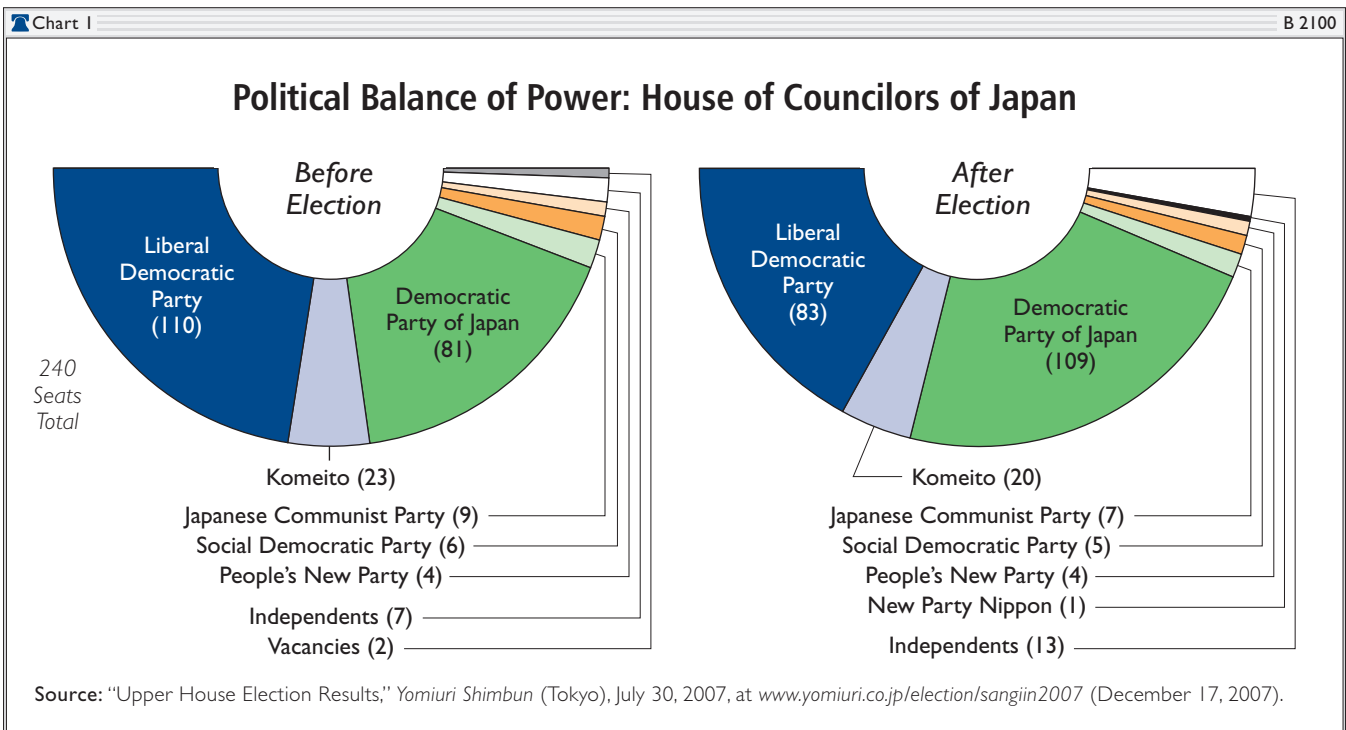
As a result, Japanese politics have entered unknown territory. During 2008, Japanese domestic and foreign policies will be in greater flux and far less predictable. It is critical that U.S. policymakers pay greater attention to emerging trends if Washington hopes both to maintain the strength of this critically important bilateral relationship and to secure U.S. interests.

A Tumultuous Year for Japanese Politics

A year ago, the ruling LDP had firm control of both houses of the Diet, and Prime Minister Abe was vigorously pushing for legislative and consti-

tutional changes that would allow Japan to assume greater regional and global security responsibilities. Abe's quest was consistent with U.S. policy objectives, but transforming Japan's insular self-defense security posture of the past half-century was hindered by an apathetic Japanese public and suspicious regional neighbors. Consequently, Fukuda inherited a growing U.S. frustration and creeping anti-American sentiment among the Japanese.

The Japanese electorate saw Abe's singular focus on security issues as woefully out of step with public concerns over the economy. Abe's plummeting approval ratings caused the July 2007 election of the House of Councilors to be seen as a referendum on his leadership. Abe's difficulties were compounded by pre-election revelations that the Social Insurance Agency had lost 50 million pension records during the past decade. The electorate was outraged and felt betrayed by the LDP-led government. Abe was also hurt by several scandals involving cabinet ministers, which perpetuated perceptions of LDP corruption.



1. An election for the House of Representatives is required by September 2009, but Prime Minister Fukuda is expected to call for an early election sometime in 2008.

As a result, the LDP and its coalition partner, the New Komeito Party, won only 46 seats—far below the 51 seats needed to retain its upper house majority. The coalition saw its strength shrink from 133 seats to 103 seats. The DPJ won 60 seats for a post-election total of 109 seats. The election marked the first time since the LDP was created in 1955 that it was not the majority party in the upper house. (See Chart 1.)

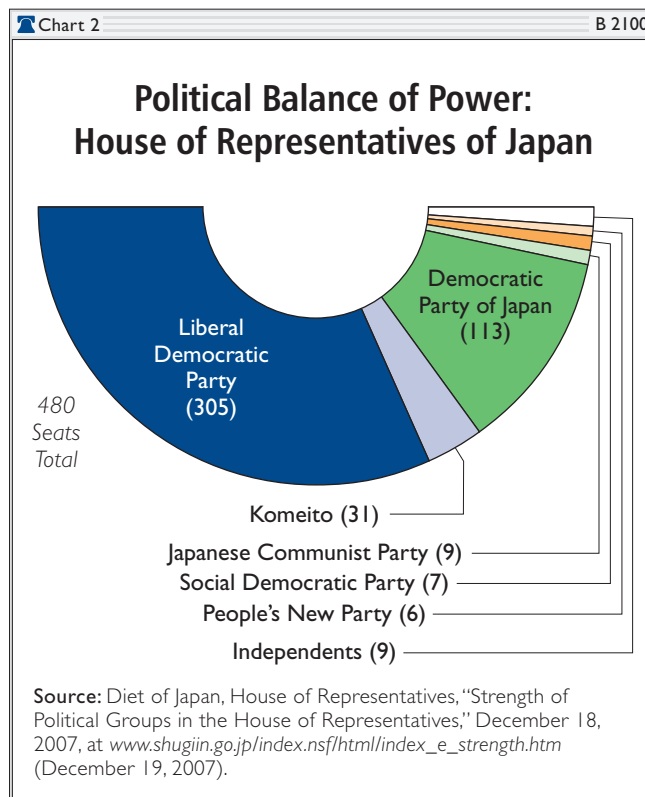
Abe initially resisted calls for his resignation but eventually succumbed to pressure and submitted his resignation on September 12, taking responsibility for the political confusion. Although the decision was expected, the timing was not, because he had pledged two days earlier to remain in office to fight to renew the anti-terrorist legislation. Yasuo Fukuda gained support from a majority of LDP faction leaders to win the party presidential election on September 26 and was selected as prime minister by the LDP-dominated House of Representatives as called for under the constitution. (See Chart 2.)

New Leadership Style

Fukuda differs significantly from the two previous prime ministers. Junichiro Koizumi (prime minister from 2001 to 2006) was an unmatched political genius who transformed the Japanese political system through his unorthodox yet highly popular maneuvering. He wrested power from entrenched LDP faction leaders by blaming the party for many of Japan's problems and used his soaring popularity ratings to force economic reform programs through the Diet. His political strength enabled him to ignore some groups within the LDP, an ability not enjoyed by his successors.

Although not an ideologue in foreign policy, Koizumi pushed a strong alliance with the United States. His decision to support U.S. requests for Japanese participation in the global war on terrorism was based on calculations that doing so would secure future dividends from Washington.

Shinzo Abe was an ideological strategist cursed with a tin ear for politics. His visionary policy to secure a larger security role for Japan was either too obtuse or too disconnected from public concerns



about the Japanese economic recovery. His inability to make decisions and propensity for making the wrong choice when he did decide further alienated the electorate. (See Chart 3.)

Even though Fukuda served as the chief cabinet secretary in the Koizumi administration, his intentions remain an enigma to many. He is invariably described as a non-ideological, pragmatic problem solver, more interested in cautiously building consensus, both with domestic opponents and with Japan's neighbors, than in forcing policy implementation.

This will contrast sharply with Abe's more confrontational nationalist approach. Put into a U.S. political context, the Fukuda–Abe dynamic is similar to the difference between President George H. W. Bush, who is often depicted as a problem solver lacking vision, and his son President George W. Bush, who is portrayed as vision-driven and single-minded.

Fukuda understands the limits on his powers, both the constraints imposed by the upper house

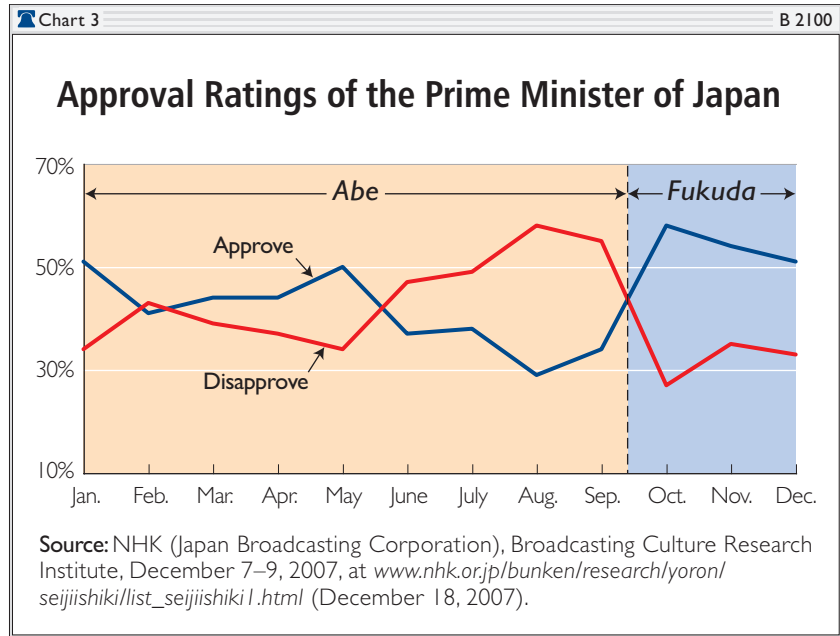
election and the historical weakness of the prime minister's office. By nature and necessity, he will continue to appeal to the opposition to work toward consensus. In a November interview with the *Financial Times*, Fukuda explained, "We are going into an unprecedented experience and we're still figuring out how to proceed. We've already failed once at an attempt at coalition so, for some time to come, the only choice is to work out policy-by-policy cooperation."²

A confidante described Fukuda's viewpoint as "moderate conservatism" and cautioned against interpreting the prime minister's soft-spoken approach as a lack of ideological backbone. Moreover, while Fukuda has a comprehensive understanding of foreign affairs, it is politically disadvantageous to articulate a grand vision but then fail to implement it, as Abe discovered.

Unfavorable Conditions

Cognizant of the difficulties that he faces, Fukuda wryly joked that he had drawn the short straw to become prime minister. His primary objective will be to regain public support for the LDP after the party's devastating loss of the upper house. To do so, Fukuda must reorient the LDP policy agenda away from Abe's focus on national security issues and instead highlight domestic issues. To assuage the electorate's anger, he will need to address populist economic topics by making progress in fixing the failed pension system and improving conditions in the disenfranchised rural constituencies.

However, Fukuda will be hampered by the opposition DPJ, which has vowed to use its control of the House of Councilors to obstruct the LDP agenda, including foreign policy initiatives that are supported by the United States. The DPJ had also pledged to submit its own alternative legislative pol-



icies in the upper house, including pension reform and subsidies to farmers.

Although the LDP's two-thirds majority in the lower house allows it to override a DPJ veto in the upper house, Fukuda will use the option sparingly. The lower house can override the upper house after a 60-day delay or a veto by the upper house. Fukuda is extremely reluctant to use the override because it is seen as an affront to the consensus-driven Japanese political psyche. He therefore will not bulldoze his political agenda through the Diet. Rather, as long as the LDP's public approval ratings remain below 50 percent, the override will be a "silver bullet," used only in dire circumstances.

Ichiro Ozawa: Obstructionist with a Mission

The Japanese public has not seen the DPJ as a viable alternative to the LDP because its disparate members span the political spectrum from the far left to the far right. The DPJ's victory in the upper house election was more a protest vote against Abe than a vote for the opposition. (See Chart 4.) Despite controlling the upper house, the DPJ has not shown a greater sense of leadership responsibility by seeking common ground with the LDP.

2. David Pilling, "New PM Sees Way Ahead for Party and Country," *Financial Times*, November 13, 2007, at www.ft.com/cms/s/0/5f4699f0-9142-11dc-9590-0000779fd2ac.html (January 14, 2008).

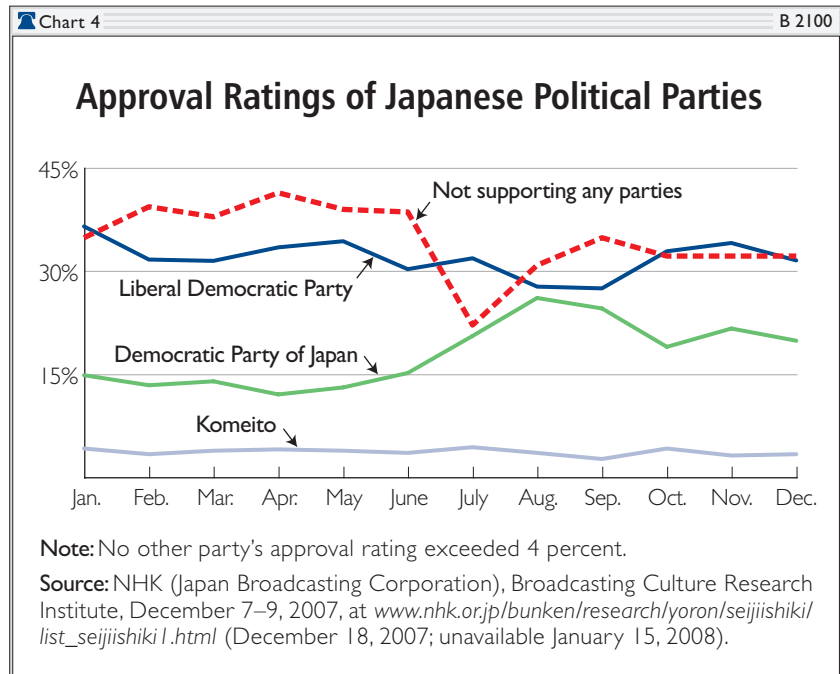
Instead, it has continued its obstructionist tactics to force a lower house election.

Thus, the DPJ members reacted harshly to Ozawa's willingness to meet secretly with Prime Minister Fukuda and reach a broad consensus on a coalition between the two sides. Ozawa's initiative was shocking because it would have gone beyond merely cooperating on certain issues to a wholesale restructuring of the political system.

Fukuda's reasoning for such a proposal is clear. Given the constraints of a split legislature, he sought to prevent political deadlock by reaching out to his opponent to develop consensus policies. Although Fukuda would have had to give up some of his power, he likely reasoned that it was more advantageous to integrate his biggest critic into the government. The prime minister also perceived Ozawa as holding the U.S.–Japanese relationship hostage and was willing to meet the opposition leader's demands.

Ozawa's motivations are more complicated. He may have been driven to unilaterally reverse the DPJ strategy based on the realization that, with the DPJ now controlling one-half of the legislature, it could no longer act like an immature permanent opposition party. In his later resignation speech, Ozawa highlighted the DPJ's deficiencies: "In various aspects, we are lacking in ability and gaining victory in the next lower house election will be extremely difficult."³

Ozawa also may have been trying to build acceptance for his view on the conditions for overseas deployment of Japanese Self-Defense Forces. Ozawa claimed that, in return for the DPJ joining a coalition, Fukuda was willing to abandon the special measures bill to allow continued refueling opera-



tions and accept Ozawa's demand that the Self-Defense Forces be deployed overseas only in missions approved by the U.N.⁴ Fukuda denied this in subsequent press conferences.

It is more likely that Ozawa simply saw an opportunity to improve the DPJ's electability and further his own ambitions. He realized that the DPJ would not fare well in an early lower house election without first gaining experience *within* the government.

Ozawa claims that Fukuda offered ministerial positions to DPJ members and a deputy prime minister slot to Ozawa. Ozawa realizes that he can never become prime minister because of his health and low popularity, but he wants to be a kingmaker behind the scenes as the leader of a powerful faction. The breakup of the DPJ that might be caused by such a realignment likely did not play a large part in Ozawa's calculation since he has a history of destroying parties through backroom realignments of coalitions in vain attempts to unseat the LDP.

3. "Ozawa Abruptly Announces Resignation," *The Asahi Shimbun*, November 15, 2007, at www.asahi.com/english/Herald-asahi/TKY200711050058.html (January 14, 2008).

4. *Ibid.*

Ozawa's Miscalculation Strengthens Fukuda...to a Degree

As a result of his blunder, Ozawa and the DPJ are now seen as damaged goods. Although a clever politician, Ozawa is a better tactician than strategist. His faux pas has undermined the aura of invincibility that followed the DPJ's upper house election victory. The DPJ is now in turmoil, and there are cracks in the foundation, all of which makes the party more susceptible to a breakup. As a result, the DPJ is now less likely to submit a censure motion against Fukuda in the upper house, because the party is less prepared for a lower house election.

The blunder strengthened Fukuda, but only in relative terms. Although Fukuda is no longer seen as a short-term caretaker leader, his hold on power remains tenuous and largely dependent on Ozawa's actions. The DPJ, though weakened, still controls the upper house and has renewed its vow of obstructionism. After he rescinded his resignation, Ozawa stated, "As long as the opposition parties collectively maintain a majority, Minshuto (DPJ) will not join hands with the LDP. We would [instead] like to form a coalition with other opposition parties." Rebuffing any potential outreach from the LDP, he asserted that the only way to resolve the current legislative impasse was through a lower house election.⁵

The opposition-controlled upper house threw down another gauntlet on November 28, 2007, by voting to halt the Japanese Air Self-Defense Force's mission in Iraq, which was not set to expire until June 2008. Although the bill will be defeated in the lower house, it will be another irritant in the bilateral relationship with Washington and portends difficulties in maintaining Japan's role in the global war on terrorism.

The prime minister faces a divided Diet for at least three—and more likely six—years, given the election schedule and composition of the membership. The LDP's inability or unwillingness to exercise strong leadership risks legislative gridlock and policy stalemate. The Diet passed only one

non-contentious law during its 62-day regular session. Implementing a grand coalition between the LDP and DPJ is now unlikely, but it may still be possible with a breakaway faction of like-minded DPJ members.

Continuity in Foreign Policy But Differences in Implementation

Fukuda is not anti-U.S., nor does his outreach to China represent an intention to supplant the primacy of the alliance with Washington as the bedrock of Japanese foreign policy. However, his effort to achieve more balance in the triangular Japan–U.S.–China relationship will have to be watched very carefully for its impact on U.S. bilateral priorities, including the trilateral (sometimes quadrilateral) dialogue among the U.S., Japan, and Australia (and sometimes India), and the effort to secure a more active global security role for Japan.

Fukuda will shift policy toward the center so that "better relations with Asian neighbors takes precedence over asserting Japan's determination to flex its diplomatic muscles."⁶ The prime minister will take his cue from the Fukuda Doctrine of his father, Takeo Fukuda, who was prime minister from 1976 to 1978 and improved relations between Japan and Southeast Asia, overcoming wartime animosities. The new prime minister is set to apply this doctrine to improving relations with Japan's Northeast Asian neighbors.

Downplaying Abe's Foreign Policy Agenda. Fukuda's primary objectives during the next six months will be to make the government work in a divided legislative environment while positioning the LDP to regain public support in the run-up to a lower house election. He will heed the electorate's message from the upper house election to focus primarily on domestic economic issues, such as fixing the pension scandal and redressing economic disparities between urban and rural areas.

Abe had made gaining a greater international security role for Japan the principal tenet of his

5. Kyohei Matsuda, "Ozawa Open to Opposition Coalition," *The Asahi Shimbun*, November 17, 2007, at www.asahi.com/english/Herald-asahi/TKY200711160364.html (January 14, 2008).

6. David Pilling, "New Leader Likely to Be Less Assertive," *Financial Times*, October 19, 2007, at www.ft.com/cms/s/2/2f2329d6-7bf9-11dc-be7e-0000779fd2ac,dwp_uuid=10298536-7d23-11dc-ae2-0000779fd2ac.html (January 14, 2008).

administration. Fukuda will not formally repudiate Abe's foreign policy agenda and may eventually return to it, but he will reprioritize it because it does not resonate with the voters. Fukuda advisers commented that Fukuda is a firm believer in amending the constitution. That said, he is unlikely to spend any political capital in 2008 on gaining public support for revising the Article 9 "peace clause" of the constitution or the interpretation of the collective self-defense strategy. Moreover, pushing a more active global security role for Japan or prioritizing purchase of the American F-22 fighter planes will be seen as obstacles to courting China and South Korea.

The exceptions will be those foreign policy issues that are forced to the foreground, such as renewal of legislation enabling Japanese Self-Defense Forces participation in the global war on terrorism, defense cost-sharing, and the Six-Party Talks.

Refueling Operations. After 9/11, Koizumi implemented several measures to provide non-combat logistical support to U.S.-led military operations in Afghanistan and Iraq. Japanese Maritime Self-Defense Forces provided at-sea fuel and water replenishment to allied ships operating in the Indian Ocean. Beginning in January 2004, Tokyo deployed 600 ground troops to conduct humanitarian and reconstruction activities in Iraq until they were withdrawn in July 2006. Japanese Air Self-Defense Forces conducted airlift missions from Kuwait into Iraq. These deployments marked an important milestone in the evolution of the U.S.-Japanese alliance beyond focusing on only Asian threats.

The lower house approved a two-year extension of the air transport mission in May 2007.⁷ But Japanese ships participating in the Indian Ocean refueling mission were forced to return on November 1 when the enabling legislation expired. The United States sees renewing Japan's involvement as critical to continuing the global war on terrorism and a test of Tokyo's relationship with Washington.

Defense Minister Shigeru Ishiba said on November 8, "The longer the interruption, the greater the possibility that Japan will be seen as having a passive attitude toward the fight against terrorism."⁸

The bill to renew the maritime refueling operations became a catalyst for confrontation between the two houses. The bill was passed by the House of Representatives but languished in the House of Councilors while the DPJ sought to score political points against Fukuda. The LDP eventually used its two-thirds majority to override the upper house and pass the legislation on January 11. Fukuda's implementing of the override option was historic: its first use since 1951.

Public support for continuing the refueling operations has been uneven. It rose following the collapse of grand coalition negotiations, and for the first time, more than 50 percent of respondents favored implementing renewal legislation, while 40 percent opposed the mission, according to a Yomiuri Shimbun poll.⁹ As the legislative impasse dragged on, however, support waned slightly.

Japan's resumption of refueling operations removes an irritant in bilateral relations with the U.S. and affirms Tokyo's commitment to an international security role. Yet the hiatus in Japanese operations underscored Fukuda's political weakness and calls into question the continued synchronization of Japanese and U.S. security goals. Fukuda's willingness to bargain away Tokyo's position during his secret negotiations with Ozawa raises concerns over Fukuda's policies.

Abductions by North Korea. There was a widespread perception in Washington following Fukuda's selection that he would pursue a softer policy toward North Korea, including policy on abductees. During his inaugural speech to the Diet on October 1, Fukuda pledged to continue to press North Korea, but he also mentioned the need to "maximize efforts to normalize Japan-North Korean ties by settling

7. Emma Chanlett-Avery, Mark E. Manyin, and William H. Cooper, "Japan-US Relations: Issues for Congress," Congressional Research Service Report for Congress, updated September 27, 2007, at www.fas.org/sgp/crs/row/RL33436.pdf (January 14, 2008).
8. "Gates Calls for MSDF to Resume Mission," *The Asahi Shimbun*, November 9, 2007, at www.asahi.com/english/Herald-asahi/TKY200711080473.html (January 15, 2008).
9. "Majority Favor Refueling Mission for First Time," *Yomiuri Shimbun*, November 20, 2007, at www.yomiuri.co.jp/dy/national/20071113TDY02310.htm (January 14, 2008).

the unfortunate past”—a euphemism for Japan’s 1910–1945 occupation of the Korean peninsula.¹⁰

However, strong comments by senior members of Fukuda’s administration and the prime minister’s personal entreaty during his summit meeting with President Bush show that the Japanese policy has not changed. Kyoko Nakayama, special adviser to Prime Minister Fukuda on the abduction issue, warned on October 25, “If the US moves while completely ignoring the abduction issue, you can expect that relations between Japan and the United States would not improve.” She added, “A country that does not free hostages is a terrorist state, pure and simple.”¹¹

Deputy Foreign Minister Shotaro Yachi told U.S. counterparts in the run-up to Fukuda’s November summit with Bush that delisting North Korea without resolution of the abductee issue would hurt U.S.–Japanese bilateral relations. Yachi’s comments mirror those in a cable from U.S. Ambassador to Japan Thomas Schieffer, who warned President Bush that prematurely removing North Korea from the terrorist list would negatively affect the relationship with Tokyo.¹²

Despite criticism by the foreign ministry and the academic intelligentsia, Abe’s “unsophisticated” approach on abductees reflected the will of the Japanese public. Pyongyang’s admission in 2002 to having kidnapped Japanese citizens galvanized the Japanese public, just as the 1998 flight of a North Korean Taepo Dong 1 missile over the country caused an upsurge in support for a missile defense system.

Fukuda’s pragmatic political approach would discern a futility in maintaining the strict policy that had not secured concessions from North Korea. Outweighing this factor, however, would be the realization that changing a policy that is supported by a majority of the public would make even less sense and alienate the voters during the run-up to a

lower house election. There is no political benefit to appearing conciliatory to North Korea, especially since the negotiations are expected to founder over other issues.

Fukuda may inherently want to change the policy, but he is unable to change Japan’s position because Japanese public anger has not died down on the issue. Fukuda must be particularly careful since the LDP has been weakened by the loss of the upper house and he has a reputation for being “soft” on North Korea.

Contentious Policy Issues on the Horizon

Several issues could cause problems in U.S.–Japan relations in the near future.

Base Realignment. U.S. officials estimate that Japan will pay \$26 billion for the realignment initiative, which includes relocating the U.S. Marine air station at Futenma to a less populated area and redeploying 8,000 Marines from Okinawa to Guam. Tokyo agreed in May 2006 to pay \$6 billion (59 percent) of the cost of the Marine redeployment to Guam.¹³ The high cost of the realignment could lead to a decrease in Japanese defense capabilities without an increase in the overall military budget.¹⁴

Defense Cost-Sharing. The current agreement expires at the end of 2007. Pentagon reports indicate that Japan provides over \$4 billion annually in host nation support, which is approximately 75 percent of the cost of maintaining U.S. troops in Japan. Japan seeks a reduction in its payment in light of its expanded alliance security role.

Japanese Government Budget. Delays in resolving the refueling operations will delay the initiation of budget deliberations. A failure to complete the budget by April 1, 2008, increases the potential for a government shutdown, which would undercut the LDP’s efforts to regain public confidence in the run-up to the election for the House of Representatives.

10. Associated Press, “End LD: Fukuda Presents Moderate, Dialogue-Oriented Policies,” *Breitbart.com*, October 1, 2007, at www.breitbart.com/print.php?id=D8S0DI500&show_article=1 (January 14, 2008).

11. Agence France-Presse, “Japan Warns US over North Korea,” October 25, 2007, at http://afp.google.com/article/ALeqM5ifWIOZsTsmFV_FEONPmbChEe2iHQ (January 14, 2008).

12. “Japan Presses US to Halt Plans to Remove North Korea from Terror List,” *Hankyoreh*, October 29, 2007.

13. Chanlett-Avery *et al.*, “Japan–US Relations.”

14. *Ibid.*

What the U.S. Should Do

The United States should:

- **Highlight the valued role that the U.S.–Japan relationship plays in America’s regional and global security strategy.** The U.S. should reaffirm its commitment to the bilateral military alliance and articulate the long-term strategic vision and policy objectives for the alliance and detailed implementation plans.
- **Express support for an expanded Japanese security role in Asia and in global humanitarian and peacekeeping missions.** The U.S. should reassure Japan’s neighbors that such changes are closely integrated with U.S. force plans and augment rather than undermine stability in the region.
- **Support Fukuda’s efforts to counter anti-U.S. sentiment by not adopting an overly demanding approach on security issues.** Doing otherwise would benefit Ozawa, who has been successful in encouraging anti-Americanism in both the far-left and the far-right camps.
- **Facilitate increased cooperation among bilateral defense, intelligence, and law enforcement agencies** in key areas, including missile defense and counterterrorism, to maintain momentum in the evolution of the alliance.
- **Call on the Fukuda administration to affirm its support for Japan’s assuming a greater security role, deploying an integrated missile defense system, and upgrading its military capabilities.** The U.S. should ask Prime Minister Fukuda to state his foreign policy views toward the U.S. and Asia more clearly.
- **Recognize the opportunity to work with the new president of South Korea.** In December 2007, South Korea elected a conservative South Korean president interested in repairing Seoul’s relations with Washington. This provides an opportunity for the U.S. to rebalance its military alliances in Asia.
- **Press Tokyo to increase its defense spending** above the traditional cap of 1 percent of gross domestic product.
- **Keep Japan involved in providing non-combat support to coalition military operations in Afghanistan and Iraq.**

- **Emphasize that Washington will not remove North Korea from the list of state sponsors of terrorism until Japan’s concerns are addressed.** Specifically, Pyongyang must resolve kidnappings of Japanese, South Korean, and other nations’ citizens; apologize and make restitution for its 1983 and 1987 terrorist bombings; return the Red Army Faction terrorists; and fully disclose its nuclear support to Syria.
- **Augment executive and legislative branch outreach** as well as Track II (unofficial) initiatives with the Fukuda administration, legislators, and the opposition party to increase understanding of the new political paradigm. A more dynamic strategic dialogue will prevent misunderstandings from exacerbating policy differences.
- **Prioritize continued Japanese participation in trilateral dialogue activities with the U.S. and South Korea.**

Conclusion

Only six months ago, the bilateral U.S.–Japanese alliance was seen as being at its strongest point in decades and as the bedrock for U.S. security interests in Asia. Policymakers had focused principally on the additional steps needed to facilitate steady evolution toward an even more integrated and expansive partnership. However, the sudden departure of stalwart U.S. ally Shinzo Abe and the contentious Japanese debate over Japan’s commitment to the global war on terrorism has upended U.S. policy toward Asia.

Prime Minister Fukuda’s difficulties in renewing anti-terrorism legislation calls into question Japan’s commitment to a security role beyond its immediate environs. It also runs the risk of dissipating momentum for Japan’s role in other critical security issues, such as missile defense. Fukuda advocates synergizing a strong U.S.–Japanese alliance with improved relations with all of Tokyo’s neighbors, but perceptions that Prime Minister Fukuda favors cooperation over confronting North Korean and Chinese threats may raise U.S. concerns that Japan will retreat to a less assertive, more isolationist policy.

Left unchecked, these uncertainties (if not suspicions) about Prime Minister Fukuda’s policy inten-

tions could lead to a growing U.S. alienation from Japan. Putting the relationship back on track is essential to ensuring continued peace and stability in Northeast Asia; however, this will require a concerted effort by both countries.

Prime Minister Fukuda must navigate uncharted political waters with a weakened LDP while fending off challenges by an opposition determined to bring about his downfall. Public support for the ruling party remains low, and the split legislature guarantees deadlock and policy stagnation unless the opposing parties can reach consensus on significant legislation. Japanese politics faces a tumultuous and uncertain year ahead.

The Bush and Fukuda administrations, as well as both legislatures, should step up coordination of policies and remove obstacles that pose a challenge to regaining the positive momentum of the past five years. Washington should encourage Japan to maintain course on adopting a stronger security presence and implementing the necessary legal and constitutional changes to do so. At the same time, U.S. policymakers should monitor emerging changes in the Japanese political paradigm so that they can swiftly and effectively address trends that could affect U.S. strategic interests.

—Bruce Klingner is Senior Research Fellow for Northeast Asia in the Asian Studies Center at The Heritage Foundation.