



The Democratic Party of Japan: Its Foreign Policy Position and Implications for U.S. Interests

Weston S. Konishi
Analyst in Asian Affairs

August 12, 2009

Congressional Research Service

7-5700

www.crs.gov

R40758

Summary

According to polls, Japan's largest opposition party, the Democratic Party of Japan (DPJ), appears in position to overtake the main ruling party, the Liberal Democratic Party (LDP), in parliamentary elections on August 30, 2009. The right-leaning LDP has had almost continuous control of the Japanese government since 1955 and has long supported the U.S.-Japan alliance in the face of left-wing domestic opposition. The DPJ, which includes a mixture of right- and left-leaning members, won control of the Upper House of Japan's bicameral parliament (known as the Diet) in 2007. A decisive victory over the LDP in the upcoming Lower House elections would make the DPJ the ruling party of Japan for the first time in history.

The DPJ policy platform advocates sweeping economic and administrative reforms and has called for a "proactive" foreign policy with greater "independence" from the United States through deeper engagement with Asia and a more United Nations-oriented diplomacy. In particular, the party has in the past criticized many issues related to the U.S.-Japan alliance, such as Japan's Host Nation Support (HNS) payments, the bilateral Status of Forces Agreement (SOFA), and plans to realign U.S. forward deployed forces based in Okinawa. In 2007, the DPJ briefly blocked legislation allowing the Japan Maritime Self-Defense Force (JMSDF) to continue the refueling of U.S. and allied vessels engaged in Operation Enduring Freedom (OEF) in Afghanistan.

However, as the Lower House elections draw near, the DPJ has shown signs that it is taking a more pragmatic approach toward the U.S.-Japan alliance in order to deflect LDP criticism that it is not prepared to run the country. The DPJ has dropped demands to end the current legislative authorization for the JMSDF refueling mission in the Indian Ocean, and has taken a more ambiguous position regarding the SOFA and other bilateral alliance management issues. The party's call for a U.N. and Asia-oriented diplomacy also appears to fall short of a more strategic shift to replace the U.S.-Japan alliance with an alternative regional security arrangement. Other signs suggest that the party might indirectly support U.S. foreign policy interests over the long term through enhanced Japanese contributions to U.N.-sanctioned activities, as well as engagement in regional trade institutions and multilateral fora.

While a political changeover in Tokyo would represent a watershed moment for Japan and U.S.-Japan relations, the extent to which there would be significant policy changes in Tokyo remains uncertain. It is not clear whether some of the DPJ's past criticism of the U.S.-Japan alliance and other LDP-backed policies is the result of opposition party politicking or more fundamental policy principles that will be implemented if the party comes to power. In the event that the DPJ becomes the ruling party, it would likely face daunting political and economic challenges at home that would potentially limit its ambitious reform agenda and more drastic proposals for adjusting the structure of the U.S.-Japan alliance. The recent signs of a more pragmatic policy approach, particularly toward the bilateral alliance, suggest that some party leaders are already modifying their positions in light of emerging political realities.

This report analyzes the DPJ's policy platform and reviews the implications for U.S. strategic and economic interests in the event that the party takes control of the Japanese government after the August 30 parliamentary elections.

Contents

Introduction	1
Party Background	2
The DPJ Policy Agenda.....	2
Implications for the United States.....	4
The DPJ Position on the U.S.-Japan Alliance.....	4
Other Implications for U.S. Interests	6
Afghanistan	6
Regional Diplomacy	7
North Korea (DPRK)	7
Climate Change	8
Nuclear Issues.....	8
Economic Policies.....	9
Post-Election Prospects	9
Conclusion.....	11

Contacts

Author Contact Information	12
----------------------------------	----

Introduction

Polls suggest that Japan's largest opposition party, the Democratic Party of Japan (DPJ), is likely to defeat the ruling Liberal Democratic Party (LDP) in August 30, 2009, elections for the Lower House of parliament. Led by Yukio Hatoyama, the DPJ will become the main ruling party if it wins either a majority of seats in the Lower House or wins a plurality of seats and is able to form a government in coalition with smaller parties. A potential political changeover in Tokyo could significantly affect U.S. interests and goals in Asia.¹

In particular, the DPJ has long called for a more "independent" relationship with the United States and has been critical of aspects of the U.S.-Japan alliance, such as the level of Host Nation Support (HNS) payments, some provisions of the Status of Forces Agreement (SOFA), and some plans to realign U.S. military forces based in Japan. The party also calls for closer relations with Asia and greater participation in United Nations-mandated activities. If it comes to power, the DPJ is nevertheless expected to focus initial attention on sweeping domestic reforms, particularly reforming the political-bureaucratic structure, and on a large-scale stimulus package aimed at transforming Japan's struggling economy.

Aside from a 10-month period in the early 1990s, the conservative LDP has governed Japan since 1955 as either a stand-alone ruling party or, as is currently the case, in coalition with other parties. Throughout this period, the LDP has been a staunch supporter of the U.S.-Japan security treaty in the face of left-wing domestic opposition and, in recent years, has sought a major expansion of bilateral defense cooperation. The LDP's grip on power was significantly weakened in 2007, when the left-leaning DPJ won control of the Upper House of Japan's bicameral parliament (known as the Diet). The resulting "twisted Diet" has been marked by legislative gridlock across a range of domestic and foreign policies.

Over the past year, the DPJ has sought to increase its popular support by attacking the LDP's handling of the economy, opaque governing style, and unpopular leader, current Prime Minister Taro Aso. This strategy appears to have been effective, and on July 12, 2009, the DPJ defeated the LDP in the Tokyo Metropolitan Assembly elections, prompting Aso to dissolve the Lower House on July 21 and schedule nationwide elections. Public support for the Aso Cabinet has fallen to 20% or below, while the DPJ now holds double-digit leads over the LDP, according to recent polls.

Despite Aso's lack of popularity, it is possible that the LDP could still pull off a victory in the coming elections if it can successfully convince voters that the untested DPJ is not ready to take on the responsibilities of running the country. Even if the DPJ falls short of winning the 241 seats necessary for majority control of the Lower House, it is likely to gain a sizable number of new seats and to wield considerable legislative influence through the Upper House, which the DPJ controls in coalition with the leftist Social Democratic Party (SDP) and the anti-reform People's New Party (PNP). The DPJ is expected to retain the coalition with the SDP and PNP regardless of the election outcome on August 30, although a weak result on election day would leave the DPJ more dependent on its coalition partners to deliver votes in the Diet.

¹ For an overview of U.S.-Japan relations, see CRS Report RL33436, *Japan-U.S. Relations: Issues for Congress*, coordinated by Emma Chanlett-Avery.

If the DPJ wins the Lower House elections and gains control of both houses of the Diet, the party will be expected to make good on its campaign pledge to “change Japan.” In the run-up to the August 30 election, however, revised DPJ policy proposals indicate that the party may demonstrate more flexibility on issues relating to the U.S.-Japan alliance. These modifications to the party platform are consistent with the views of some analysts who have argued that structural factors in the Japanese political system would likely force the DPJ to modify some of its policy positions in order to defeat the LDP and actually govern the country.

Party Background

The DPJ was formed in 1998 as a merger of four smaller parties and was later joined by a fifth grouping. Most of the party leadership is comprised of former centrist or center-right LDP lawmakers, but the rank and file has a left-of-center political orientation that includes a number of former Socialist Party members. The amalgamated nature of the DPJ has led to considerable internal contradictions, primarily between the party’s hawkish/conservative and pacifist/liberal wings. In particular, the issues of deploying Japanese troops abroad and revising the war-renouncing Article 9 of the Japanese constitution have generated considerable internal debate. As a result, for much of its history, the DPJ had a reputation of failing to agree on coherent alternatives to the policies implemented by the LDP. Additionally, battles between various party leaders have at times weakened the party. Since winning the Upper House in 2007, the party has appeared to present a more unified front, at least on the strategy of criticizing LDP policies and offering a more compelling alternative approach to Japanese voters. But it is unclear whether this greater level of public unity would last if the DPJ were to form an actual government.

Over the past year, the DPJ has shown greater resilience in overcoming both external political challenges and internal strife. Earlier in the spring of 2009, Aso and the LDP appeared to get a boost in public support after the government unveiled three economic stimulus packages and, more importantly, from a fundraising scandal that engulfed Ichiro Ozawa, then the leader of the DPJ. In early May, Ozawa resigned. He was succeeded as DPJ president by former party leader Yukio Hatoyama, an Ozawa backer. Ozawa remains as a top DPJ leader and campaign strategist, causing many to speculate that he will continue to wield considerable influence in the intra-party decision-making process. Ozawa’s resignation was followed by a considerable popular boost for the DPJ. By mid-July, many polls showed the DPJ having double-digit leads over the LDP when voters were asked which party they would support in the Lower House elections.

The DPJ Policy Agenda

Ideological divisions within the DPJ have kept the party from reaching a consensus on foreign policy and national security issues. However, the DPJ platform and other policy statements throughout the years consistently raise the following main themes:²

- Adopting a more “assertive” foreign policy and enhancing Japan’s defense capabilities to better defend against outside threats.

² See, for instance, Democratic Party of Japan, *Our Basic Philosophy*, at http://www.dpj.or.jp/english/about_us/philosophy.html.

- Maintaining the U.S.-Japan alliance as the center of Japan's national security policy while aiming to achieve a more "mature" alliance partnership with the United States. The party has called for a reduction of the approximately 50,000 U.S. forward deployed troops in Japan, particularly those based in Okinawa Prefecture.
- Maintaining constitutional restrictions on collective self-defense while expanding contributions to international security through U.N.-sanctioned peacekeeping operations (UNPKO).
- Improving Japan's relations with Asian countries by reconciling historical and territorial disputes, as well as actively promoting regional economic integration through economic partnership agreements (EPA) and free trade agreements (FTA).
- Supporting the global common good through overseas economic development, environmental conservation, nuclear non-proliferation and disarmament, humanitarian relief, and other measures.

In the broadest sense, the pacifist/liberal wing of the DPJ adheres to a strict interpretation of Japan's "peace constitution" and postwar role as a non-military power. The hawkish/conservative wing of the party, most prominently led by former party head Seiji Maehara, seeks stronger defense capabilities and looser restrictions on Japan Self-Defense Force (JSDF) missions to support international security. Former party head Ichiro Ozawa has called for Japan to increase its contributions to international security strictly in missions that are authorized by the U.N. Security Council. Current party leader Yukio Hatoyama appears to support that basic position, although he is said to take a more flexible view of JSDF deployments that are not under direct U.N. mandate.³

The DPJ embraces a reformist, left-of-center domestic agenda for Japan. The party's "Basic Policies" and campaign manifestos call for improving transparency, efficiency and accountability in government. One main objective is to bolster the decision-making authority of Japan's cabinet over the powerful bureaucracy, thus reversing the established power dynamic in which many policy decisions rest in the hands of the bureaucrats, not the politicians. The DPJ believes that a "regime change" in Japan will reduce the influence of vested interests over policy makers and lead to a more dynamic and decentralized nation that is better prepared to handle future challenges.

Although the DPJ's reform agenda appeals to many Japanese voters, the party is often criticized for lacking details about how it will finance and implement its proposals. This is particularly true of its plans to reform the domestic economy and social welfare system. The party wants to transform Japan's highly regulated, export-oriented economy into a deregulated economic system propelled by consumer-led growth. As part of the DPJ's two-year ¥21 trillion (\$218 billion) stimulus proposal, household disposable income would be increased through tax cuts and payment transfers.⁴ Income support for struggling workers, as well as sweeping health-care and pension reforms, are also proposed. The DPJ claims that it will offset the cost of these programs

³ The party's mainstream members appear to support the provision that foreign JSDF missions should only be carried out under U.N. mandate. However, hawkish elements of the party believe that such a provision would, in effect, give U.N. Security Council members such as China and Russia veto power over JSDF overseas operations.

⁴ Democratic Party of Japan, "'Economic and Financial Crisis Measures': Opening up a Path Towards the Future by 'Putting People's Lives First,'" November 5, 2008, http://www.dpj.or.jp/english/financial/f_crisis.html.

by trimming the national budget and eliminating wasteful spending, but it has been criticized for lacking details about how its programs will be paid for over the long run. With Japan's public sector debt approaching 200% of GDP this year, there are concerns about finding credible ways of financing stimulus programs over the long term.

Implications for the United States

A possible political changeover in Tokyo following the August 30 elections would represent something of a watershed moment for U.S.-Japan relations. Cooperation between Washington and previous LDP-backed governments has been virtually unbroken for much of the postwar period. Many experts believe that the high point of bilateral relations occurred earlier this decade, partly as a result of the close personal rapport between former President George W. Bush and former LDP Prime Minister Junichiro Koizumi, which set the tone for close working-level coordination between their two governments. In the wake of the 9/11 terrorist attacks, the Koizumi government stated its unequivocal support for the United States and took unprecedented steps to provide rear-area assistance for U.S.-led anti-terror operations in Afghanistan. In 2003, Koizumi dispatched ground and air units of the JSDF to contribute to humanitarian reconstruction efforts in Iraq. These measures were followed by major bilateral agreements in 2005 and 2006 to “transform” the U.S.-Japan alliance in order to meet emerging security challenges.⁵ The DPJ has often expressed skepticism, and at times outright opposition, to many of these bilateral security initiatives, giving rise to questions among many U.S.-based experts as to the potential impact a DPJ government might have on the U.S.-Japan alliance. These concerns are compounded by a relative lack of

DPJ Foreign Policy Goals

Develop proactive foreign policy strategies and build a close and equal Japan-U.S. alliance.

Establish intra-regional cooperative mechanisms in the Asia-Pacific region with the aim of building an East Asian Community.

Ensure that North Korea halts development of nuclear weapons and missiles, and makes every effort to resolve the abduction issue.

Play a proactive role in UN peacekeeping operations, liberalization of trade and investment, and the fight against global warming.

Take the lead to eradicate nuclear weapons, and remove the threat of terrorism.

Source: 2009 DPJ Manifesto

familiarity between DPJ leaders and counterparts in the United States, although interaction between both sides has increased in recent months.⁶ A review of stated DPJ foreign policy positions indicates some areas of concern for U.S. interests, but does not rule out potential avenues for enhanced bilateral cooperation should the party come to power.

The DPJ Position on the U.S.-Japan Alliance

The DPJ has often sent conflicting signals about its approach toward the U.S.-Japan alliance—a result of intra-party ideological divisions and the ongoing struggle to differentiate itself from the LDP. The party's acknowledgment of the bilateral alliance as the center of Japanese national security policy is a

tacit endorsement of the U.S. alliance system. However, one outstanding question is what the DPJ actually means by its demand for a more “independent” foreign policy and “equal” alliance

⁵ For more on the alliance transformation, see CRS Report RL33740, *The Changing U.S.-Japan Alliance: Implications for U.S. Interests*, by Emma Chanlett-Avery and Weston S. Konishi.

⁶ Secretary of State Hillary Rodham Clinton met with Ichiro Ozawa and other DPJ leaders during her trip to Tokyo in February 2009. This was followed by high-level meetings between U.S. officials and party leaders in subsequent months.

relationship with the United States. Although these statements do not advocate a strategic disengagement from the United States, at the very least, they suggest apprehension toward perceived inequities in the alliance structure. Some analysts interpret the DPJ's call for greater independence as a desire to avoid Japanese entanglement in the U.S. global strategy, especially in activities that may involve financial or military contributions to U.S.-led operations.⁷ The party sharply denounced former Prime Minister Junichiro Koizumi for supporting the U.S. invasion of Iraq in 2003, in what it saw as Japanese cooperation with "unilateralist" U.S. policies.⁸ Still another interpretation of independence, as offered by some DPJ officials, is a desire for Japan to take greater initiative in international affairs, as opposed to merely reacting to policies emanating from Washington. Nonetheless, past legislative actions and policy statements by the DPJ demonstrate the party's opposition to certain alliance management issues and U.S.-led military operations. Specifically, the party has in the past:

- Opposed the February 2009 U.S.-Japan Guam accord that pledges to implement the transfer of 8,000 U.S. Marines from Okinawa to Guam. In April 2009, the DPJ-led Upper House voted against the accord (it was eventually passed by the more powerful Lower House). The DPJ opposed the associated relocation of U.S. Marine Corps Air Station Futenma to Nago, instead calling for the air station to be moved "outside" of Okinawa.
- Defeated implementing legislation in the Upper House that temporarily suspended, in November 2007, the Maritime Self-Defense Force (MSDF) deployment to the Indian Ocean to refuel coalition ships involved in Operation Enduring Freedom (OEF) in Afghanistan.
- Promised a "drastic" review of Tokyo's estimated \$4 billion per year Host Nation Support (HNS) for U.S. forces stationed in Japan.
- Proposed comprehensive revisions to the U.S.-Japan Status of Forces Agreement (SOFA) in order to make the alliance more "equal."

DPJ leaders have also, at times, made remarks that cast doubt about their commitment to the alliance. In February 2009, Ichiro Ozawa sparked controversy when he told reporters that Japan should seek an "equal" alliance with the United States by reducing the U.S. force presence in Japan to all but the U.S. 7th Fleet, based in Yokosuka, Kanagawa Prefecture. The remark was widely interpreted as advocating the withdrawal of the thousands of other U.S. military personnel based in Okinawa and other parts of Japan. Ozawa later modified his statement by suggesting that U.S. forces in Japan should only be drawn down as the SDF shoulders greater responsibilities for defending the homeland against outside threats.⁹

Despite these concerns, many of the DPJ's objections to the bilateral alliance are seen as opposition to LDP policies rather than anti-U.S. positions per se. As the party campaigns to broaden its support base prior to the Lower House elections and deflect LDP accusations that it is

⁷ See Leif-Eric Easley, Tetsuo Kotani and Aki Mori, "Electing a New Japanese Security Policy?: Examining Foreign Policy Visions within the Democratic Party of Japan," report prepared for Pacific Forum CSIS conference, March 27-28, 2009. The authors further contend that "A DPJ government will maintain the [U.S.-Japan] alliance, but may revise down the LDP goal of a global security partnership, limiting the scope of the alliance to Japan's defense and regional stability."

⁸ Democratic Party of Japan. *DPJ Present Position on the Iraqi Issue*, February 14, 2003, <http://www.dpj.or.jp/english/news/030224/02.html>.

⁹ Sneider, Daniel, "Ozawa in his own words," *The Oriental Economist*, June 2009.

too “irresponsible” to lead the country, the DPJ appears to be taking a more pragmatic approach toward the United States. In recent weeks, the party has tempered its message on several key alliance issues. In mid-July, DPJ President Hatoyama announced that he would not seek to end the Anti-Terrorism Special Measures Law that authorizes the MSDF refueling mission in the Indian Ocean before the bill expires in January 2010. The DPJ had previously promised to terminate the mission at the earliest opportunity.¹⁰ The party has also toned down its demands to “drastically” revise the current SOFA and HNS agreements with the United States, instead proposing a more ambiguous review of the bilateral agreements.

Other Implications for U.S. Interests

As a way of asserting greater independence in foreign policymaking, some elements in the DPJ call for a U.N.-centered diplomacy and closer ties with Asia. Although this shift could ostensibly reposition Japanese diplomacy away from the United States, it may not necessarily portend a divergence from broader U.S. goals and interests over the long term. The DPJ, at least in rhetoric, supports a more active international role for Japan through United Nations peacekeeping operations (UNPKO) and other U.N.-sanctioned activities that are largely consonant with U.S. foreign policy goals and interests.

The DPJ’s position on foreign deployments was put to test during the last Diet session (ending on July 21), when the Aso Cabinet introduced two new bills that would allow Japanese Coast Guard and MSDF vessels to take part in overseas anti-piracy and interdiction operations sanctioned by the U.N. Security Council.¹¹ Although the DPJ ultimately opposed both bills due to domestic political considerations, the measures caused considerable debate between conservative and liberal wings of the party. In the end, the party qualified its opposition to the bills by agreeing in principle to the purpose and legitimacy of the U.N.-sanctioned operations.¹² Some experts believe that the DPJ would vote to approve similar measures in the future, should it become the governing party.

Afghanistan

There has been considerable debate within the DPJ on enhancing Japan’s role in the stabilization of Afghanistan. The party has publicly opposed Japan’s involvement in the U.S.-led Operation Enduring Freedom (OEF), since the U.N. Security Council has not explicitly sanctioned the operation. However, Ichiro Ozawa and other party members have advocated dispatching SDF troops for peace-building operations in Afghanistan as long as the mission operates under the U.N.-mandated International Security and Assistance Force (ISAF). Ozawa’s resignation as party

¹⁰ In contrast to the 2007 DPJ Manifesto, which firmly states the party’s opposition to the Indian Ocean mission, the 2009 Manifesto makes no mention of the operation. There are lingering questions as to whether the DPJ would renew the Indian Ocean refueling bill after it expires next year.

¹¹ One bill, which was eventually passed in the Lower House, permits Japanese Coast Guard and MSDF vessels to engage in anti-piracy operations in the Gulf of Aden and other international waters. The other bill, which was not voted on, was to approve Japan’s participation in enforcing U.N. Security Council Resolution 1874, calling for member states to inspect the cargo of North Korean vessels suspected of shipping illicit weapons. Hawkish members of the DPJ, including Akihisa Nagashima and Seiji Maehara, were early proponents of the bills, but were outnumbered by party members who opposed the measures.

¹² See, for instance, “Anti-piracy legislation rejected by Upper House,” June 19, 2009 at <http://www.dpj.or.jp/english/news/index.html?num=16326>.

president this spring appears to have set back momentum for the proposal within the party. The DPJ's 2009 "Policy Index" (a detailed blueprint for the party's campaign manifesto) drops any direct mention of Afghanistan, instead promising that Japan will play an active role in reconstructing impoverished states that are breeding grounds for terrorist activities. There are signs, however, that the party leadership is considering alternative proposals for on-the-ground assistance in Afghanistan, such as vocational training programs and other non-combat reconstruction efforts.

Regional Diplomacy

Interest in increasing Japan's participation in Asian regional institutions and other initiatives to enhance regional cooperation is another indication of the DPJ's desire for a more independent relationship from the United States. The party's call for Japan to become a full "member of Asia" suggests a departure from what the DPJ has characterized as the LDP's over-emphasis on relations with the United States, but appears to fall short of a more strategic shift to replace the U.S.-Japan alliance with an alternative regional security arrangement. Instead, the party views Japan's role in helping to create an "East Asian Community" as an opportunity to assert leadership outside the context of the U.S.-Japan alliance.¹³ DPJ leaders have emphasized that regional institutions also provide a multilateral framework for engaging China and managing its rising influence on the world stage. It should be acknowledged that even under LDP rule, Japan has long been an active participant in all of the major regional fora, such as the ASEAN Regional Forum (ARF), the Asia Pacific Economic Cooperation (APEC) forum, and the East Asia Summit. Exactly how the DPJ intends to alter the character of Japan's participation in these regional meetings is not clear.

Despite the DPJ's stated interest in greater policy independence from the United States, its emphasis on enhanced regional relations largely complements U.S. policies for maintaining peace and stability in East Asia. In particular, the party proposes stronger ties with China and South Korea through deeper economic integration and enhanced diplomatic engagement. It advocates "constructive dialogue" to resolve contentious territorial disputes with the two mainland countries.¹⁴ The DPJ also believes it can restore trust with its neighbors by admitting to Japanese aggression during World War II. Party leaders vow to end the practice of official visits to Yasukuni Shrine, where 14 Class A war criminals from the World War II era are honored. Past visits to the shrine by LDP prime ministers have triggered sharp reactions from Beijing and Seoul that have raised concerns in Washington about tension in the region.

North Korea (DPRK)

As the main opposition party, the DPJ has criticized most of the ruling coalition's policies, but it has been reluctant to criticize the LDP's hard-line approach toward North Korea due to public outrage at Pyongyang. North Korea's abduction of Japanese nationals in the 1970s and early 1980s and repeated acts of nuclear brinkmanship have become politically charged issues in Japan—at times restricting Tokyo's options for negotiating with North Korea. The DPJ, in turn, has strongly condemned recent North Korean nuclear tests and missile launches, and supports

¹³ It is uncertain whether the party, as a whole, envisions U.S. inclusion in a potential East Asian Community.

¹⁴ Japan has ongoing disputes with South Korea on sovereignty over the Takeshima islands (known as Dokdo islands in Korean), and with China on the Senkaku islands (or Diaoyutai islands in Chinese) and areas in the East China Sea.

Japan's cooperation with the United States and other nations in the Six-Party Talks aimed at denuclearizing the Korean Peninsula. Following North Korea's May 2009 nuclear test, the DPJ issued a statement in support of U.N. Security Council Resolution 1874, which authorizes strict new sanctions against the regime.¹⁵ In June, DPJ President Yukio Hatoyama told reporters that he supported the possible reinstatement of North Korea to the U.S. State Department's list of state sponsors of terrorism as punishment for Pyongyang's recent provocations. North Korea was removed from the list in October 2008, after agreeing at the time to allow inspections of its nuclear facilities and take other actions toward denuclearizing the Korean Peninsula.

Climate Change

The DPJ's relatively progressive policy agenda in other areas also parallels some of the Obama Administration's global initiatives. One such area is the effort to prevent global warming, one of the party's core agenda items. The 2009 party Manifesto calls on Japan to take a leadership role in environmental diplomacy and to encourage the United States and other "major emitter nations" to concede to new emissions standards under a post-Kyoto protocol framework. Among other measures called for in the Manifesto, the party proposes to reduce Japan's greenhouse gas emissions to 25% below 1990 levels by 2020, and to introduce a U.S.-style cap-and-trade system for domestic industrial polluters. As with previous LDP governments, a DPJ-led government would likely welcome the Obama Administration's expected support for more ambitious international action on climate change in preparation for the U.N. climate change conference in Copenhagen this December.

Nuclear Issues

The DPJ and the Obama Administration share overlapping core principles on nuclear disarmament and non-proliferation, although with important differences. The party has made clear its staunch support for Japan's long-held Three Non-Nuclear Principles: not to possess, produce, or transit nuclear weapons on Japanese territory. President Obama's April 2009 speech in Prague on a "nuclear-free world" was seen by the DPJ as a rallying call for Japan to take a leading role in strengthening the Nuclear Non-Proliferation Treaty (NPT).¹⁶ The DPJ's rigid adherence to nuclear disarmament principles, however, differs from U.S. policies that allow for some flexibility, such as the 2005 atomic energy agreement between India and the United States.¹⁷ Further, several party leaders, including Katsuya Okada and Yoshio Hachiro, advocate a "nuclear-free zone" in Northeast Asia that to some extent contradicts Japan's reliance on the U.S. extended nuclear deterrent.¹⁸ The recent disclosure of a secret agreement between Tokyo and Washington allowing U.S. nuclear-armed vessels into Japanese ports, in violation of Japan's Three Non-Nuclear Principles, has focused media attention on the DPJ's response to the issue as it maneuvers to take control of the government.¹⁹ It remains to be seen whether some members of

¹⁵ Democratic Party of Japan, "Statement on approval of new UN Security Council resolution against North Korea," June 13, 2009 at <http://www.dpj.or.jp/english/news/index.html?num=16239>.

¹⁶ See the 2009 DPJ Policy Index (in Japanese) at <http://www.dpj.or.jp/policy/manifesto/seisaku2009/index.html>.

¹⁷ The DPJ Policy Index asserts that the U.S.-India nuclear agreement sends "the wrong message" to states, such as Iran and North Korea, that pursue nuclear programs outside the conventions of the NPT.

¹⁸ Hachiro has been named as the "shadow foreign minister" in a hypothetical DPJ cabinet lineup, although the actual cabinet ministers may change if the party comes to power.

¹⁹ See "DPJ gov't an opportunity for Japan to step out from U.S. skirts," *The Mainichi Daily News*, July 25, 2009.

the DPJ will modify their position on nuclear arms to accommodate the U.S. nuclear umbrella in light of the North Korean nuclear program and other regional security threats.

Economic Policies

The DPJ's economic policy offers possibilities for cooperation as well as potential conflict with U.S. interests. The party's ¥21 trillion (\$218 billion) stimulus plan and emphasis on a consumer-oriented economy parallel the Obama Administration's effort to encourage foreign governments to support recovery from the global financial crisis through expanded public spending and policies that encourage domestic consumption. In that vein, it is possible that the DPJ's plan to shift Japan away from an export-driven economy by supporting household demand might boost imports of U.S. goods and services—especially if it is accompanied by the deregulation that the DPJ has, at times, suggested it would pursue.

As a whole, the DPJ embraces a free-trade agenda, although the party is increasingly cognizant of protecting domestic agriculture and labor interests. The party has previously called for Japan to pursue bilateral economic partnership agreements (EPA) and free trade agreements (FTA), as well as promote global trade and investment through the successful conclusion of World Trade Organization (WTO) Doha Round negotiations. In what was widely considered a cooperative gesture toward the United States, the 2009 party Manifesto calls for the creation of a U.S.-Japan Free Trade Agreement.²⁰ It is not clear, however, that the DPJ would be prepared to consider the kinds of liberalization in sensitive agricultural sectors that would likely be required to negotiate an FTA with the United States.

Indeed, several aspects of the DPJ economic policy agenda indicate potentially troubling signs for U.S. commercial interests. As the party has expanded its voter support base from urban to rural districts, agriculture policies that protect domestic farming interests have become an increasingly prominent feature of the party platform. Tokyo's long-held protection of the agriculture sector is widely acknowledged as a major impediment to Japan's ability to play a more constructive role in multilateral trade negotiations, including the ongoing WTO Doha Round. Of particular concern to U.S. food exporters is the DPJ's call for severe restrictions on U.S. beef imports in response to Japan's BSE (Bovine Spongiform Encephalopathy, otherwise known as "mad cow disease") scare. In the past, the party has called for a complete ban on U.S. beef imports as well as strict inspection laws that may continue to restrict future U.S. beef sales in Japan.

Post-Election Prospects

The implications of a DPJ victory in the Lower House elections are wide-ranging and significant. At the very least, political turnover in Tokyo would break the half-century of near continuous LDP rule of Japan. But the party's ability to implement its campaign promise of "regime change" and other reforms would likely face several challenges. Many experts believe that the structural realities of the Japanese political system would force the DPJ to compromise on many of its boldest proposals. Even if the party wins a majority of seats in the Lower House elections, for instance, it would continue to depend on a coalition with the Social Democratic Party (SDP) and

²⁰ See the DPJ's 2009 party Manifesto at <http://www.dpj.or.jp/english/manifesto/manifesto.html>. In response to criticism from domestic agriculture interests, the party revised the Manifesto to tone down the promise of concluding a FTA with the United States, instead suggesting that it will pursue talks on a bilateral trade agreement with Washington.

the People's New Party (PNP) to control the Upper House of the Diet. The leftist SDP and the anti-reform PNP would continue to exert influence on DPJ decision-making—further stretching the already fragmented party in opposite ideological directions. Without a landslide victory that gives the DPJ well over the 241 seats needed for a majority in the Lower House, the party may not enjoy a large enough mandate from the Japanese electorate to implement its reform proposals as currently envisioned.

Should the DPJ become the ruling party of Japan, at least three developments would be of key importance for U.S. policy makers to monitor in the months ahead. First among these is the selection of party members for cabinet positions, particularly the ministers of defense and foreign affairs, following the Lower House elections. The cabinet lineup would provide some indication of the policy direction that the new government might adopt. A strong showing in the August 30 elections would likely provide greater latitude for the prime minister to appoint more conservative members to the cabinet; a weaker showing would possibly increase the chances of a more liberal cabinet lineup, in deference to the coalition partnership with the SDP. The cabinet's ideological orientation would likely have some impact on the new government's diplomatic approach, with a more conservative government seen as relatively more willing to cooperate on the bilateral alliance with the United States, as well as international trade and security issues.

A second important trend is party cohesion over the mid to long term. It is widely believed that the otherwise deeply divided DPJ is united by a common objection to the LDP and its policies. If the DPJ defeats the LDP in the Lower House elections, then its opposition to the ruling coalition would become less of a unifying factor. The DPJ leadership may be challenged to maintain party cohesion beyond the Lower House elections and through future legislative battles in the Diet. A great deal may depend on whether Yukio Hatoyama (the presumed next prime minister of Japan in the event of a DPJ victory) would be able to command loyalty among the party's ideologically diverse rank and file, while also managing a disjointed coalition with the SDP and PNP. A weaker than expected election result on August 30 could splinter the DPJ, as members potentially break away to form new parties or realign in a potential "Grand Coalition" with the LDP.

The third and perhaps most important trend to monitor should the DPJ come to power is the party's ability to implement policy in a consistent and coherent way. The party's policy toward the U.S.-Japan alliance is a primary concern to U.S. officials, particularly given its past rhetoric on bilateral alliance issues. Recent modifications to the party's position on alliance-related policy issues suggest that it is adopting a more realistic approach to security matters as it prepares for the possibility of running the country. Analysts also believe that a DPJ-led government would focus initial attention on economic and administrative reforms rather than foreign and defense policy issues.²¹ U.S. officials are nevertheless likely to closely monitor DPJ policies regarding the following key alliance issues:

- Host Nation Support (HNS) and the Status of Forces Agreement (SOFA).
- Base realignment plans, including the relocation of Futenma and the implementation of the Guam accord.
- Renewal of the Anti-terrorism Special Measures Law permitting MSDF refueling missions in the Indian Ocean after the law expires in January 2010.

²¹ Watanabe, Tsuneo, "A Watershed Election and Its Policy Implications," The Tokyo Foundation, July 24, 2009.

The DPJ's handling of the Japanese economy, still one of the world's largest, would also be a major concern to U.S. policy makers, as with Japanese voters. Japan is in the midst of its worst recession since the end of the Second World War, and its GDP is expected to shrink by 6.9% this year.²² Should it come to power, the DPJ's ¥21 trillion stimulus package would be put to the test, including the promise to raise household disposable income and shift the economy to rely more on domestic consumption—all while setting out a medium- and long-term strategy to slow the growth of Japan's burgeoning public-sector debt. Combined with the costs associated with Japan's aging society, public-sector debt would present additional challenges to the Japanese system if left unchecked. Japan's trade policy may also be a concern if a DPJ government implements its recent proposals to explore new free trade agreements with the United States and other countries, or whether it reverts to protectionist policies that shield certain domestic sectors from foreign competition.

Finally, a significant benchmark for a potential DPJ government would be its ability to carry out major administrative reforms, including its plan to overhaul the political-bureaucratic power structure in Japan. Although it is widely agreed that this structure needs to be replaced by a more effective system, the DPJ would need to carry out administrative reforms in a way that does not ultimately damage Japan's governing institutions. Indeed, even if a dramatic transformation of the government is achieved, the DPJ will still require cooperation from the bureaucracy to implement policies. Striking the right balance between reform and restraint would be an important test of a potential new government's ability to manage Japan for the first time in history.

Conclusion

A DPJ victory in the coming Lower House elections is by no means a foregone conclusion. The ruling LDP is still a formidable political force, and Japanese voters—who are conservative by nature—may ultimately decide that the untested DPJ is not ready to oversee Japan's national security and fragile economy. Yet polling data and recent local election results suggest that the DPJ stands a strong chance of gaining power in the Diet, and possibly becoming the main ruling party after August 30. A political changeover in Japan would, at the very least, require the United States to cooperate with a new and largely unfamiliar government in Tokyo. Several upcoming high-level events, such as the opening session of the U.N. General Assembly in September and a planned U.S.-Japan bilateral summit in Tokyo this November, may present President Obama with opportunities to interact with a potentially new Japanese counterpart in the coming months. It remains to be seen whether the two leaders, should they meet, would see eye-to-eye on strengthening the U.S.-Japan alliance and enhancing bilateral cooperation in other areas to confront evolving global challenges.

²² Economist Intelligence Unit, *Japan Country Report*, July 2009.

Author Contact Information

Weston S. Konishi
Analyst in Asian Affairs
wkonishi@crs.loc.gov, 7-7525