

Japan's five futures by Brad Glosserman

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If Japanese Prime Minister Abe Shinzo wakes up these days with an extra bounce in his step, it's with good reason. He has overtaken Nakasone Yasuhiro to become the sixth longest serving prime minister in Japanese history, and he will soon pass Koizumi Junichiro, who set the standard in the post-Cold War era. The ruling Liberal Democratic Party (LDP) just agreed to revise party rules to extend the maximum presidential tenure to three consecutive three-year terms for a total of nine years. (The previous limit was two.) If Abe completes a full third term, he will become Japan's longest serving prime minister ever.

Changing the rules is a smart move. While in office, Abe built and cemented his party's parliamentary majority, bringing stability to a political system that was marked by uncertainty and hobbled by ineffectual leaders. The economy has regained its footing, with growth on the upswing, unemployment shrinking, and business confidence surging. Abe has set the standard for a good working relationship with US President Donald Trump and reduced tensions (somewhat) with Beijing and Seoul (although neither relationship can be counted on to continue its current path untended). He has made good on his promise to secure Japan's place among the first tier of nations and to make it a force to be reckoned with in international relations.

Abe hopes that this new state of affairs is permanent, that his country's trajectory is set, and that the 2020 Olympics – which he will attend as one of his last acts as prime minister – will constitute international confirmation of the emergence of a new Japan. Neither he, nor the rest of the world, can take that as given, however. The scandal concerning the conservative educational institution Moritomo Gakuen is an example of how quickly the political landscape can change. The controversy has dented Abe's popularity, but it is unlikely to do much sustained damage to the prime minister.

Japan has five possible futures that range in outcomes from "world beater" to "regional destabilizer." Which of these futures ultimately prevails will depend on decisions made by the Japanese themselves, although much will also depend on external circumstances and a fair dollop of luck.

World Beater. If Japan continues on its current path, it could remain one of the world's leading nations. This scenario demands political stability, which would likely reflect continuing LDP dominance. A coherent opposition would emerge, however, to provide a credible alternative to LDP rule, preventing complacency and corruption. Both parties would rule from the center and continue the basic policies that launched Japan's post-post-Cold War revival. The economy

would emerge from deflation, and smart policymaking would focus national efforts on the higher end of the value added chain, ensuring that the country's shrinking work force remained productive and profitable. Japan would mark out key areas to dominate in the 21st century economy, and allow more immigration – while keeping it restricted – to compensate for labor shortages. Women would be more fully and more meaningfully integrated into the work force. Japan would solve problems of postmodern economies, such as aging, and energy and environmental security, boosting its soft power. That status would be aided by an activist foreign policy that energetically supports the rule of law and international institutions.

Regional leader. In this scenario, Japan's leaders prioritize more complete integration with Asia to position itself as the co-leader, with Beijing, of a unified and more assertive Asian political community. Critical to success is a concentrated effort to overcome historical legacies with Beijing and Seoul. That process is more likely if Tokyo is seen as a credible regional power, so Japan has to sustain its economic energy and political stability (although it need not achieve the same level of success as in the first scenario). This will also require a recalibration of relations with the United States; that does not mean that Tokyo must abandon its alliance with Washington, but there will likely be the creation of new regional security architecture to accompany the emerging political community. While Asian integration will stem from an energetic "plus Three process" and a thickening web of regional ties as a result of functional initiatives, realization of this option demands a revisiting of the seminal decision to go "out of Asia" that was made during the Meiji era.

The Swiss option. The third scenario posits a Japan that is stable, even prosperous, but largely isolated within the region. It is "in" Asia, but not "of" Asia. This future would follow the pursuit of two distinct themes. The first is a fear of entanglement in regional affairs. As a result, Tokyo largely opts out, distancing itself not only from Asia but from the US as well. The second theme is the nurturing of Japanese national identity, one that blocks economic rejuvenation by stymieing needed structural reform. While the economy produces centers of excellence, the country lacks dynamism. With military capabilities largely restricted to that required to defend home territory and enough money to finance domestic initiatives but not overseas largesse, Japan is marginalized in regional and global security discussions. In short, Japan in this future cultivates a distinctive national identity that distances it from the rest of Asia, while swearing off international commitments that would give it credibility with the rest of the world.

Asia's Portugal. Few remember that Portugal was once a proud empire. In this scenario, Japan reverts to pre-Abenomics

stagnation and deflation. The failure to regain its economic footing results in a loss of confidence in the political system and a “revolving door” is re-installed in the Kantei (although the country’s bureaucrats keep the ship of state on course.) As the population continues to decline and its prospects darken, the Japanese fully embrace the “small Japan” ethos and turn their back on grand ambitions. They accept their status as a “medium power” and focus on internal developments, living comfortably but largely on the periphery of international affairs. This option – Japan as “afterthought” – may well be the most likely outcome if Prime Minister Abe’s tenure does not permanently bend Japan’s trajectory and reverse trends that emerged during the ‘90s and the first decade of the 21st century.

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Destabilizer and danger. Japan as “afterthought” is the benign outcome if negative trends reassert themselves; there is also the prospect of Japan becoming a source of regional instability. This could happen in two ways: Japan becomes increasingly assertive or it retreats so far that a vacuum is created. Either could be triggered by diminishing economic prospects that lead to political chaos. In one case, an aggressive nationalism surfaces, increasing frictions with neighbors and raising doubts about Tokyo’s intentions in Southeast Asia. In another future, some event – perhaps even a declaration of independence by Okinawa prefecture – could force Japan to alter its security policy, embracing full-blown pacifism or breaking with the US. Alternatively Washington could decide that Tokyo is a spent force in the region and end the treaty. In both cases, the resulting vacuum could encourage adventurism, either by Tokyo or its neighbors. Whatever the path, in this future Japan is an actual source of instability and a threat to regional peace.

None of these futures is ordained. Some of the outcomes are similar and some overlap; differences reflect divergences in or deepening of particular trend lines. An important influence may well be events beyond Japan’s orders: for example, an unrepentant “America First” approach could push Japan toward greater engagement or greater isolation. It is hard to tell in advance which would prevail. Happenstance may have a profound impact as well.

Much depends on what Abe accomplishes in his remaining time in office and how he changes expectations – among Japanese of what their appropriate role in the world is and among Japan’s international partners. He alone cannot shape Japan’s future, however. Also important are actions that the US takes in coming years, and the degree to which countries in the region encourage Tokyo to remain outward oriented.

One of the most powerful forces shaping Japan’s future is fatigue. The Japanese have grown tired of “gambaru” and the struggle to maintain their place in the world. That inclination to disengage is strengthened by a social and national identity that emphasizes Japan’s unique characteristics and a fear that engagement dilutes them. For some, the cure for this malaise is nothing more than renewed confidence – of the sort that Prime Minister Abe has in excess these days.