



Renewed Mandate to Japanese PM Abe: Assessing Issues and Challenges to His Cabinet

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Introduction

The snap election held in December 2014 has given a landslide victory to the Liberal Democratic Party (LDP) and its coalition partner, the New Komeito. They together enjoy two thirds majority in the lower house of the Japanese Diet. The election results are being labelled as an overwhelming support to Prime Minister Abe and his policies, as he led the ruling coalition in this snap election to yet another resounding victory. Prime Minister Abe himself saw this victory as a renewed mandate from the public to realise his economic revival policy also known as Abenomics. In addition to this, he has various other agenda high on his priorities, such as strengthening Japan's security, putting ties with neighbours including China and South Korea back on track and implementing various domestic policies. This issue brief looks into the factors that forced Abe to call a snap election and highlighting some of the key issues and challenges that Abe cabinet may face in the near future.

The snap election 2014: Abe puts Abenomics for Public approval

As Japan's economy posted negative growth in two consecutive quarters and the economy slipped into yet another recession, Prime Minister Abe faced multi-cornered criticism for not properly handling the economy. His opponents blamed his economic policies; dubbed as Abenomics for pushing Japan into yet another economic slumber. Prime Minister Abe, on the

other hand, was confident that the Abenomics was the “only way” for Japan’s economic revival. He called the snap election on December 14, 2014 to seek fresh mandate for his policy of Abenomics; the policy that seeks the revival of Japanese economy through a massive fiscal stimulus, more aggressive monetary easing, and structural reforms to boost Japan’s competitiveness. Critics, however, feel that Abe called the snap elections to strengthen his grip on the LDP and the administration.¹ He had two strategies in mind; a) not giving sufficient time to opposition parties to consolidate their base, and b) avoiding political challenge within the party. The LDP has three major factions and they compete to wrest Presidentship within the party to ultimately gain the Prime Ministership.

Japan has been maintaining a unique precedence; the President of the ruling party/coalition becomes the Prime Minister of the country. Yet another presidential election was due within LDP in 2015 and plunging public approval rate of Abe could have been cited by the opponent of Abe in the next LDP presidential elections to oust him from the presidency. Now, since Abe has steered the party to a massive victory, he can claim that he has a stronger mandate and can lead the party to lead Japan. The outcome of the elections has increased his chances to be re-elected as LDP President during the next LDP presidential elections and lead the country for another four years.²

Notably, Prime Minister Abe’s approval rate had also started plummeting recently because some of his decisions, such as reinterpreting the Constitution to allow exercising Collective Self Defence by its defence forces and enacting a law to classify information known as secret protection law, were not supported by a substantial number of Japanese, as various opinion polls have indicated. When Prime Minister Abe started his administration in December 2012, his approval rate, according to Japanese media surveys, was 65 per cent and disapproval rate was only 26 per cent. A week before his announcement of snap elections, public approval rate of Abe’s cabinet had plummeted to 49 per cent, while the disapproval rate touched to 42 per cent.³ There is a unique co-relation between Japanese Prime Ministers’ survival and his public approval rate. Many Prime Ministers in the past have resigned or paved way for their successor within the party citing the low approval rate of their leadership by the public. In 2009, when the opposition Democratic Party of Japan (DPJ) wrested power

from the Liberal Democratic Party (LDP), the approval rate of the then Prime Minister Taro Aso's cabinet had gone down to nine per cent. But he rejected the suggestions from the party to call the snap poll and let the Diet complete its full term. This gave enough time to the opposition block to consolidate its strategy and garner public disenchantment in its favour. However, Abe was in no mood to hand over the baton to the next leadership so early. He, in the capacity of Prime Minister, exercised his prerogative of calling snap elections, which his various predecessors had exercised in the past. Now, after getting elected in the snap elections, he has not only got a fresh mandate from the public, but also has strengthened his grips on the LDP.

The Campaign Issues during the snap elections

Interestingly, Abe focused on Abenomics in the elections campaign and kept aside the divisive issues, such as Constitutional revision, restart of nuclear reactors and relocation of US bases in Okinawa. The public opinion surveys conducted by media suggested that over these issues, majority of Japanese public do not back the LDP. On the campaign trail, Abe highlighted the greatest achievements that Abenomics had so far, such as improvements in employment and wages and said that "this is the only way" for the economic revival of the country. The opposition parties including the DPJ, in their election campaign, criticised Abe for increasing the economic gap among the society as the Abenomics helped the rich people and the big exporters. The Japanese Communist Party in its campaign criticized Abenomics and pledged to create a nuclear free Japan and also promised the electorates that by increasing its strength in the parliament, it will demand to reverse the cabinet decision to reinterpret the Constitution, which allowed more powers to Japan's defence forces.⁴ The New Komeito, the coalition partner of the LDP, also highlighted its differences with the LDP over the issue of Collective Self Defence. It stated that it "will lead Japan to follow the path of a peaceful country and will never allow it to use force on other countries' soil."⁵ As the economy slid back to recession before election, the Abe administration postponed the planned consumption tax hike till April 2017. The New Komeito promised the voters to cut consumption tax hike on certain daily necessities when this tax is hiked next to ease its impact on low wage consumers. But the LDP did not make its stance clear on the issue – whether the daily necessities would

be kept out from the consumption tax hike. It may be noted that Japan increased the consumption tax from five to eight per cent last year to decrease debt to its GDP ratio and also to take Japan out of deflation, which has been continuing since the last two decades.

As the opposition remained weak and they failed to form a coalition as well as present a clear alternative to LDP, Abe's gamble of calling snap elections proved successful. The LDP won 291 seats in 475 members Lower House of the Japanese Diet and its coalition partner, New Komeito won 35 seats. Thus, the ruling coalition gained two thirds majority in the lower house. The two thirds majority in the Diet will help Abe pass various legislations even if the Upper House, where the opposition parties have majority, does not agree with Abe's policies. Had it been a simple majority, the upper house had enough power to scuttle down the bills passed by the lower house. In case the upper house had some reservations on certain bill passed by the lower house, the lower house can override those objections by passing the bill by two thirds majority.

Interestingly, the main opposition party, the DPJ gained 11 seats in this election and its total tally has reached to 73 in the lower house of the Diet. But it has gained the seats at the cost of decimation of other far right smaller parties. The Japan Innovation Party led by former Osaka governor, Toru Hoshimoto, became the second opposition party by having 41 seats in the Diet, while the Japan Communist Party became third opposition party by winning 21 seats and becoming the major gainer in the elections, as it increased its strength from eight seats to 21 seats. Notably, the general election registered a 52 per cent turnout, the lowest turnout since 1947. While some analysts believe that the people did not turn up at the polling booths, as they did not have enough choices, yet another section believed that it was because of bad weather and heavy snowfall in different parts of Japan.

Challenges before the Abe Government

Abenomics: Fulfilling the promise of Japan's economic revival

Whatever may be the reasons of the low turnout in this election, Abe has been a victor and has consolidated his grip on the party as well as on the administration. But he still faces

challenges to steer the country out of protracted deflation and economic slump. He is confident that the people have given a fresh mandate to implement Abenomics. But his challenges, it seems, are becoming bigger by the day. The renewed data showed that the economy, during the last two consecutive quarters, has contracted by 1.9 per cent, on an annual basis, not by 1.6 per cent, which was reported earlier. Japan's debt to its GDP stands at 226 per cent and IMF projects that it will swell to 245 per cent of GDP by the end of this fiscal year. But the saving grace for Japan is that the government owes these debts to its own public and since the debt is internal, this is unlikely to push the country to a fiscal crisis, as has been witnessed in Greece, which has debt of 175 per cent to its GDP. Last year, the Abe administration, in consultation with the Bank of Japan (BOJ), chalked out a plan to create a cycle of growth, where rising prices for goods deliver more profits to firms, which will hopefully lead to better wages, more spending, higher prices and, ultimately, it will revive the economy.⁶ The plan was aimed at achieving a twin strategy; achieving two per cent inflation and reducing the debt on government by levying additional tax. Following that, the Abe administration had introduced a higher consumption tax in April 2014 to boost government revenue and reduce the debt, which has increased up to Yen one quadrillion (1000 trillion Yen) or roughly 8.5 trillion US dollar. But the imposition of an additional consumption tax has increased the prices of goods and the consumers are shying away from buying big ticket items, such as houses and cars as the prices have gone high due to an additional three percent tax. The consumption tax hike, which has led to rise of prices including buses and metro fares, has also cost heavy on the pockets of low income families. Japan has plan to increase the consumption tax up to 10 per cent next year, but following the contraction of economy, the government took a decision to postpone it till 2017 fearing stagnation and further slump in the economy. The trend suggests that it is unlikely to push a two per cent inflation, which the Bank of Japan (BOJ) has thought necessary to push Japan out of deflation. The Abe government is negotiating with the employers to further increase the wages of their employees to avoid the adverse impact of the additional consumption tax.

During the last few months, the government has announced various stimulus packages and BOJ has released the money into market under its quantitative measures. This has led to

the weakening of yen, which has helped the traders, especially big exporters. But the weaker yen, which has touched 121 against the US dollar (a depreciation of 41 per cent against dollar ever since Abe took power), has had negative impact on traders, especially who import goods from abroad. They are either pushing the burden on buyers by hiking the price or to attract the customers, they are keeping the margin of their profit very low. The decrease in global oil prices has given some relief to Japan, which imports lots of oil, but if the yen falls further, it will cost dearer to Japanese consumers.

But Abe seems determined as he has been pushing the employers to raise the wages of the employees, so that they do not feel the impact of consumption tax hike as well as the economy remains fluid. On December 27, the Abe cabinet approved yet another stimulus package of Yen 3.5 trillion to revive the stagnant rural economies. He is yet to shoot the third arrow of Abenomics; structural reforms. It is yet to be seen when he would embark on the policy of structural reforms, which various economists have been urging him to initiate.⁷

Farming sector's reform: Resistance from the loyalists

Agricultural reform is one of the key agenda of Abe administration. However, it may be a daunting task for Abe and he may face resistance from the farming cooperative bodies which had been one of the traditional vote banks of the LDP. In the past, when Naoto Kan administration during the DPJ rule had announced its intention to join the Trans Pacific Partnership agreement which promotes zero-tariff policy on goods that would be traded among the Partnership countries, the farmers were on street in large number. The DPJ government did not budge from its intention despite protests and argued that the abolition of tariffs will increase the competitiveness of Japan's export oriented economy and will provide momentum of domestic reform including farming sectors reform. The LDP on the other hand had argued that Japan will safeguard its interests and if these interests are not safeguarded it may not join the TPP. It went with this pledge in 2012 general elections and was able to garner support from the agricultural cooperatives. The LDP however, took a U-turn and Prime Minister Abe officially announced the decision to join the TPP in March 2013. To assuage its loyal voters from the farming communities, Abe announced that Japan will negotiate with the

TPP partners to grant exceptions to five key products from zero-tariff elimination, including rice, barley, sugar, dairy products, beef and pork. However, the farming bodies remained unconvinced and staged protests in Tokyo arguing that the elimination of tariffs would damage the agricultural sector with an influx of cheap imported farm produce.⁸ During 2014 snap elections, the LDP also shied away from making Japan's joining of Trans Pacific Partnership (TPP) a major poll plank, which was aimed at not annoying its traditional voters. The LDP's local chapters, in an effort to woo the farming communities, promised on its campaign trail that they will not allow the tariffs to be abolished on certain farming products, a key demand in the TPP negotiations.⁹ Following the elections, however, the Abe administration seems determined to complete the negotiations to join the TPP by May 2015¹⁰ on the one hand and has announced a plan to undertake farming sector reforms¹¹ on the other hand. The blueprint unveiled by Abe administration calls for increasing the competitiveness of farmers through the consolidation of their fields, expanding the entry of business corporations into the sector, and the development of products with higher added-value.¹² However, critics believe that the policy is unlikely to revitalise Japan's farm sector. The *Japan Times* in its editorial argued:

Japan's agriculture is characterized by large numbers of small-scale farming units and aging farmers. Many farming communities are located in mountainous areas. One wonders whether the government's blueprint is applicable in such conditions and whether it will in fact help revitalize these farming communities.¹³

Success of Abe's framing sector reform will depend on the cooperation of farming bodies. It will also depend whether he would be able to safeguard the interest of farming communities when it finally joins the TPP.

Reviving political interactions with China and South Korea

At the diplomatic level, Japanese Prime Minister Abe faces a daunting task; putting ties with South Korea and China back on track. Abe, before the snap election as part of his 'globe-trotting' diplomacy, had visited more than 50 countries, becoming the first Japanese Prime

Minister to do so. However, the relations with South Korea and China remained frosty because of the differences between them over the history and territorial issues and the political interactions between the leadership of Japan and China and Japan and South Korea remained suspended. This has impacted the trilateral summit that the three regional powers had initiated to strengthen their political and economic ties. He had been successful in holding a meeting with Chinese President Xi Jinping at the sidelines of APEC summit in Beijing and is keen to have further dialogues with China. In his address after resuming Prime Ministership post snap elections, Abe hoped to strengthen relations with South Korea and China. However, the Chinese side has conveyed that any improvement in Sino-Japanese ties hinges largely on the action of the Abe government. Year 2015 is the 70th anniversary of the end of World War II. China is keenly awaiting Abe's stance on war anniversary.¹⁴ Meanwhile, Abe is planning to issue a fresh statement on 70th anniversary of the end of World War II.¹⁵ In 1995, the then Prime Minister, Tomiichi Murayama, on the occasion of the 50th anniversary of the end of the war, issued a statement on behalf of the Japanese government. Later, the then Prime Minister, Junichiro Koizumi issued a statement in 2005 to commemorate the 60th anniversary of the end of World War II. Both the statements expressed remorse over Japan's acts and aggression during its imperial expansion in the East Asian region and beyond. However, Abe had hinted that his statement would be "future-oriented." This led the observers to believe that his statement will likely play down Japan's aggression during the World War. The *Yomiuri Shimbun*, Japan's leading daily has suggested the government to "convey its 'future-oriented' message to the international community" adding that "how Japan should mourn its war dead is a domestic matter. Other nations have no right to complain about this and that regarding Japan's internal affairs."¹⁶ *The Asahi Shimbun*, however, considers that it would be problematic if Abe does not reflect on history in his new statement. It notes that "it is troubling to hear him (Prime Minister Abe) stress repeatedly that it will be a "future-oriented" message. It argues:

"This is not to say that adopting a "future-oriented" attitude is wrong. If, however, Japan starts talking about the future without seriously facing up to its past, countries that suffered from Japan's wartime behaviour could start wondering if the Japanese are saying, "Let's forget the past."¹⁷

Critics in Japan also believe that China and South Korea are certain to react negatively if Abe's statement contains a strong tone hinting at historical revisionism. They are suggesting Abe to consult outside experts, especially those familiar with China and South Korea, when crafting his statement.¹⁸ A Japanese strategic expert believes that "If the statement contains a self-righteous tone attempting to rewrite the past, it would provide a perfect excuse for an anti-Japan propaganda campaign," by South Korea and China.¹⁹ Strengthening relationship with neighbouring countries remains one of the top priorities of Abe's agenda, but much will depend on how he crafts his statement on history. After suggestions from the domestic constituencies that a revision of the statement will likely to have a negative impact on ties with the neighbouring countries, Abe has hinted that his statement on 70th anniversary of war will express "remorse."²⁰ It may be noted that despite a strong economic interdependence between Japan and South Korea and between Japan and China, the history issue has become a major irritant in Japan's diplomatic relations with these two neighbours.

Strengthening Japanese Security and Revitalisation US-Japan Security Ties

After winning the election, Prime Minister Abe has announced a number of measures to augment Japanese security including relocating US bases within Okinawa, getting parliamentary approval for reinterpreting the Constitution to allow Japanese defence forces exercise Collective Self Defence as well as revising 1995 US-Japan Defence Guidelines to reflect realities of changing security situation in the region. Despite winning humungous majority, Abe faces obstacles domestically to realise his security agenda. The new US-Japan Defence Guideline is likely to be given a final shape before April when Abe is scheduled to visit US to meet President Obama. Before the Washington visit, the Abe administration wants to implement a 2006 US-Japan agreement to relocate some of US marines from Futenma base to Henoko within Okinawa for an effective management of US forces based in Japan. But Abe administration is facing a stiff resistance from the local government in Okinawa. Few weeks before the general election, Taksahi Onaga won the gubernatorial election by pledging to block Tokyo's plan to relocate the U.S. Marine Corps Air Station within the prefecture. Despite overwhelming nation-wide support, LDP lost all the four seats during the general elections and those, who opposed the relocation, emerged victor. A section in Japanese media is urging Abe to respect the sentiment of Okinawa.²¹

Similarly, Differences within the ruling block have come to the fore over the exercise of Collective Self Defence by the Japanese troops. Last year, the cabinet has reinterpreted the Constitution allowing its troops to exercise the right of Collective Self Defence in some emergency situations. Now, as the present cabinet is preparing bills to get a final approval from the Japanese Diet about its decision to reinterpret Constitution, the New Komeito, junior partner in the governing coalition, is calling on the government to limit the exercise of the right of Collective Self-Defence to emergencies in areas surrounding Japan. But the LDP does not plan to put a geographical limit on the exercise of the right of collective self-defence by its forces. Because of these domestic challenges and difference within the coalition, Abe will face some difficulties in achieving his planned security objectives.²²

Conclusion

Last time, when the LDP “took Japan back” (Take Back Japan was Abe’s slogan during the General Elections 2012), it was largely because a larger section was not happy with the way the then ruling DPJ was governing Japan and Abe was able to capitalise public disenchantment towards the DPJ in LDP’s favour. However, this time, he has sought a fresh mandate from the public in the name of Abenomics to revitalise the Japanese economy. But he has kept too many agenda high on the priority of his administration. A majority of people want him to focus on his election pledge to revive the Japanese economy and not necessarily support his security policy.²³ They have very high hopes from Abe and his administration in this regard. Only time will tell whether Abe will be able to come up to the people’s expectations.

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Endnotes:

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² The lower house of Japanese Diet has a four year term.

³ “Survey Finds Support Rating of Abe Cabinet at 48.1 Per Cent, Down 6.8 Points”, *The Japan Times/Kyodo News*, October 19, 2014.

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- ⁵ “Komeito Promises to Pursue Sales Tax Break”, *The Japan Times*, November 28, 2014.
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- ²⁰ “Abe says Statement on 70th Anniversary of Surrender will Express Remorse”, *The Japan Times*, January 6, 2015.
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- ²³ “Election Victory doesn’t Mean Wholesale Approval of Abe Policies” (Editorial), *The Mainichi Daily*, December 15, 2014.