Hatoyama Yukio led the Democratic Party of Japan (DPJ) to a landslide victory in the Aug. 30 Lower House election and was elected prime minister after a spirited campaign for change both in the form and substance of policymaking. Exit polls showed that the public had grown weary of the Liberal Democratic Party (LDP) but had not necessarily embraced the agenda of the coalition government Hatoyama would subsequently form with an eye toward consolidating power in an Upper House election next summer. Though the election centered primarily on domestic policy, Hatoyama began his tenure by outlining foreign policy priorities during visits to the UN in New York and the G20 summit in Pittsburgh less than a week after he took office.

The Obama administration emphasized respect and patience as Japan experienced a transition to a non-LDP government for only the second time since 1955. Senior U.S. officials visited Tokyo for consultations soon after the election and prepared for the first meeting between President Obama and Prime Minister Hatoyama in New York on Sept. 23. The leaders reaffirmed the importance of the U.S.-Japan alliance and set the stage for a visit to Japan by Obama in November. The quarter ended with good atmospherics but also questions about the extent to which Hatoyama would try to implement several campaign pledges – such as renegotiating the realignment plan for U.S. forces on Okinawa – with the potential to strain bilateral ties.

Change they might believe in

An average approval rating of 20 percent and embarrassing defeats in local elections led Prime Minister Aso Taro to dissolve the Diet on July 21 and schedule a Lower House election for Aug. 30, only a month before the Constitution would have required an election. DPJ President Hatoyama, with the support of former president and master strategist Ozawa Ichiro, unveiled a campaign strategy designed to blame the LDP for a lack of transparency and accountability in government and a failure to revive the Japanese economy. The DPJ vowed in its election manifesto to wrest power from the bureaucracy and expand the role of political leaders in government by assigning 100 parliamentarians to ministerial posts and centralizing budgetary authority in the Cabinet Office to prevent wasteful spending. The economic portfolio derided the LDP’s export-oriented growth model and promoted a boost in consumption that would flow from handouts such as payments to households with children and subsidies to farmers. Other proposals, including plans to eliminate highway tolls and gasoline taxes, also proved popular in an economic downturn and the public mood was captured in one simple campaign slogan: “Change in Government.” The voters clearly endorsed this message as the DPJ won 308 of the 480 seats in the Lower House and ousted the LDP from power. But exit polls suggested the
election was more a referendum on LDP leadership than a firm embrace of DPJ policies. A Yomiuri Shimbun poll published Sept. 1 showed that 46 percent of respondents cited disaffection with the Aso Cabinet as the main reason for the outcome, followed by 37 percent who favored a general change in government, 10 percent with hopes for the DPJ election platform, and 3 percent with expectations of Hatoyama as prime minister. Asahi Shimbun exit polls released the same day found that only 32 percent of respondents believed the DPJ could change Japanese politics. Despite widespread enthusiasm about the prospects for change, the Hatoyama administration would have to deliver results to satisfy a skeptical public.

A new coalition

Though the Lower House was now firmly under DPJ control, Hatoyama formed a coalition government with two other parties, the leftist Social Democratic Party (SDP) and the anti-reform People’s New Party (PNP), whose help he will need to secure a majority in the Upper House election next summer. A comfortable cushion in both houses would pave the way for an extended period of DPJ rule and Hatoyama had this in mind when he was elected prime minister during a special Diet session on Sept. 16 and awarded Cabinet posts to SDP leader Fukushima Mizuho (minister for Consumer Affairs) and PNP leader Kamei Shizuka (minister for Financial Services and Postal Reform). Other key appointments included Okada Katsuya (who finished second behind Hatoyama in the race to succeed Ozawa as DPJ president last May) as foreign minister; Fujii Hirohisa, a former Finance Ministry bureaucrat, as finance minister; and Kitazawa Toshimi, a low-profile member of the Upper House, as defense minister. Managing this coalition will prove challenging for Hatoyama as the DPJ itself has yet to achieve consensus on central policy objectives and will then have to reconcile differences with the SDP and PNP. This dilemma is most evident with respect to the U.S.-Japan relationship in that the SDP and PNP have argued vociferously in favor of renegotiating the realignment plan for U.S. Marines on Okinawa and revising the Status of Forces Agreement (SOFA) for U.S. forces in Japan. Okada Katsuya managed to soften language on those issues in a coalition agreement between the three parties but the matter appeared unresolved. Kamei also demonstrated the potential for internal strife over economic issues when he declared on Sept. 17 that the Hatoyama administration would consider a three-year moratorium on loan payments by small- and medium-sized businesses, a position Finance Minister Fujii implied was not endorsed by the full Cabinet.

Prime Minister Hatoyama attempted to realize his vision for transparency and accountability by establishing a National Strategy Bureau (kokka senryaku kyoku) in the Cabinet Office, to be run by former DPJ leader Kan Naoto, which would centralize the policymaking process and check the power of bureaucrats (an objective supported by 87.5 percent of respondents to a Fujisankei poll published Sept. 7). This experiment would be tested early on as the Cabinet was tasked with redrafting a government budget for fiscal year 2010 by mid-October in preparation for a special Diet session later this fall. Hatoyama also sent a signal to the bureaucracy by eliminating the administrative vice minister coordination meetings (jimujikan kaiigai) where bureaucrats from each ministry would discuss interagency issues without involving political leaders. (This initiative is reminiscent of recent LDP efforts, such as the creation of a U.S.-style National Security Council, but is focused on economic rather than security issues.)
Hatoyama entered office with an approval rating above 70 percent but will likely face intense scrutiny during the budget debate in the Diet and could be questioned about a funding scandal that surfaced back in June. The last three LDP prime ministers also started off with support over 70 percent before crashing in the polls and resigning a year later. The opposition LDP elected Tanigaki Sadakazu to lead the charge as president and he called on veteran Diet Whip Oshima Tadamori to serve as secretary general. This was a blow to younger LDP politicians who had hoped for generational change and to hawks and economic reformers who wanted to revive Koizumi’s agenda. Tanigaki’s most distinguishing weapon is his expertise on fiscal matters, which he will use to pressure the DPJ on their ambitious spending plans. Meanwhile, Oshima will go head-to-head against Ozawa Ichiro, whom Hatoyama tapped to engineer another victory in next summer’s Upper House election.

**Foreign and defense policy**

Only five of the 55 policy initiatives outlined in the DPJ election platform focused on foreign affairs but two of them generated headlines in a bilateral context. The first was promotion of an “East Asian Community” — not a new idea in Japanese foreign policy, but one that Hatoyama appeared to present in an article in the *New York Times* as a way to counterbalance U.S. influence on Japan. The article cited the decline of U.S. power, lamented the ills of U.S.-style capitalism, and spoke of the need for Japan to strengthen bonds in Asia as a means of securing its political and economic independence as a nation positioned between the U.S. and China. There was one reference to the importance of the U.S.-Japan relationship but it seemed parenthetical in what the Western media likely concluded was an explanation of the DPJ’s diplomatic agenda. Hatoyama was pressed by the media and forced to state that his essay was not anti-American, and what began as a benign statement about outreach in Asia ended up as a confusing signal about Hatoyama’s views on the U.S.-Japan alliance. (Japanese media reports suggested there was confusion about a request from a U.S. syndication company to publish excerpts of the essay and that the broad dissemination of the summary came as a surprise.)

The second initiative dealt directly with the bilateral relationship and included the phrase “close and equal alliance” to describe the DPJ’s approach to relations with Washington. The term “equal” is undefined but widely interpreted as a greater willingness to express grievances and play a less “subservient” role in the alliance. Several campaign pledges captured this dynamic including: ending the Maritime Self-Defense Force (MSDF) refueling mission in the Indian Ocean; renegotiating bilateral agreements on the realignment of Marines on Okinawa; revising the SOFA governing U.S. forces in Japan; and declassifying secret documents related to U.S. nuclear weapons policy in Japan from the 1950s and 1960s. The language in the election platform said only that the party would work toward realizing these goals but a separately published “Index” describing these policies in greater detail promised to deliver on these demands, implying a lack of internal consensus on bilateral security issues.

Foreign Minister Okada took the lead in implementing this agenda upon taking office. He immediately called for an investigation into the classified documents and also expressed his intention to address the relocation of U.S. bases in Okinawa and settle the government’s approach to Afghanistan during the first 100 days of the administration. Okada stated that Japan would not “simply” withdraw from the refueling mission in the Indian Ocean, which invited...
media speculation as to whether the mission might be continued in a different form or if the government was contemplating other alternatives. Defense Minister Kitazawa also chimed in on Afghanistan and Okinawa, declaring during his first press conference that the government would not extend the special measures law authorizing the refueling mission and noting that the government would discuss Okinawa “based on a realistic view of the situation.” On Sept. 26 Kitazawa told the media during a trip to Okinawa that relocating U.S. bases would be difficult and could take a long time, again hinting at a softening of the government’s position. The transition to forming a government did little to encourage a consensus on how best to characterize an equal alliance in policy terms.

Prime Minister Hatoyama made his diplomatic debut at the United Nations in New York in late September and delivered three addresses articulating central foreign policy themes. On Sept. 22 he addressed the UN Summit on Climate Change and shared his government’s pledge to reduce greenhouse gas emissions 25 percent below 1990 levels by 2020 and also proposed a “Hatoyama Initiative” to bridge the gap between the developed and developing worlds on climate change issues. Hatoyama also made a statement during the UN Security Council summit on nuclear nonproliferation and disarmament and reiterated Japan’s commitment to the Nuclear Non-Proliferation Treaty. Finally, in a speech to the UN General Assembly, Hatoyama summarized five pillars of his foreign policy agenda: global economic recovery; climate change; nuclear disarmament and nonproliferation; peace building, development, and poverty alleviation; and building an East Asian Community.

Bilateral consultations

President Obama made a congratulatory phone call to Prime Minister Hatoyama on Sept. 2 and set a positive tone for their first encounter three weeks later. Senior U.S. officials including Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell stressed patience during the transition and expressed a willingness to listen to the concerns of the new government. Campbell visited Tokyo just after Hatoyama took office to prepare for senior-level meetings at the UN. Secretary of State Clinton and Foreign Minister Okada met on Sept. 21 and discussed the importance of the U.S.-Japan alliance, Japan’s support for Afghanistan, the realignment of U.S. forces in Japan, and North Korea. (The two also joined Australian Foreign Minister Stephen Smith for the fourth trilateral strategic dialogue.) President Obama covered a similar agenda with Prime Minister Hatoyama on Sept. 23 and agreed to visit Japan in November.

Hatoyama is counting on a good personal relationship with Obama to jump-start the relationship and came away satisfied with this first set of meetings. The positive atmospherics are attributable to the fact that the two governments have yet to get into detail on the issues that could complicate the relationship. Statements in September by the State Department and Pentagon spokespersons regarding Okinawa and Afghanistan, respectively – declining to renegotiate the Okinawa agreement and encouraging Japan to extend the Indian Ocean refueling mission – suggest that private consultations in advance of Obama’s trip to Japan could prove contentious. Deputy Secretary of State James Steinberg led an interagency delegation to Japan at the end of the quarter.
A busy fourth quarter

The DPJ-LDP rivalry could heat up with by-elections in Kanagawa and Shizuoka Prefectures scheduled for Oct. 25. Political fireworks will also be on display during a special session of the Diet to pass the government’s first budget. On the bilateral front, U.S. Defense Secretary Robert Gates could visit Japan in October, followed by the Obama-Hatoyama summit. Multilateral summity will also feature prominently next quarter with the Asia-Pacific Economic Cooperation (APEC) forum in Singapore in mid-November and the 15th Conference of Parties to the United Nations Framework Convention on Climate Change in Copenhagen in mid-December. Japan’s leadership role in global nonproliferation efforts will be further amplified when Amano Yukiya takes office as director general of the International Atomic Energy Agency (IAEA) on Dec 1.

Chronology of U.S.-Japan Relations
July-September 2009

July 1, 2009: Prime Minister Aso Taro appoints Hayashi Yoshimasa as fiscal policy and economy minister, enabling Yosano Kaoru to focus solely on his duties as finance minister.

July 1, 2009: The Bank of Japan’s quarterly tankan survey reveals a slight uptick in business confidence after an all-time low recorded in the previous quarter.

July 2, 2009: Amano Yukiya is appointed as the next director general of the International Atomic Energy Agency (IAEA), beginning in December 2009.

July 3-4, 2009: Japanese media public opinion polls show Aso administration’s approval rating averages close to 20 percent with a disapproval rating close to 70 percent.

July 6, 2009: Two Maritime Self-Defense Force (MSDF) destroyers, Harusame and Aragiri, depart Japan as the second unit in an antipiracy mission in the Gulf of Aden.


July 8, 2009: President Barack Obama and Prime Minister Aso meet on the sidelines of the G8 summit in Italy to discuss the global economic crisis, North Korea, and climate change.

July 11, 2009: Chargé d’Affaires ad interim of the U.S. James Zumwalt and Japanese Foreign Minister Nakasone Hirofumi exchange notes pertaining to the transfer of funds provided by Japan to the U.S. in accordance with the Agreement on the Relocation of United States Marine Corps Personnel from Okinawa to Guam.

July 12, 2009: President Obama, in letters to the chairman and ranking member of the Senate Armed Services Committee, vows to veto any defense spending bill that includes additional funding for the F-22 aircraft.
July 12, 2009: The DPJ scores a victory in the Tokyo Metropolitan Assembly election, becoming the largest party in that chamber by securing 54 of 127 seats.

July 13, 2009: The DPJ and three other opposition parties submit a no confidence motion against the Aso Cabinet to the Lower House of the Diet. The motion is defeated the next day.

July 15, 2009: Deputy Policy Chief Fukuyama Tetsuro outlines DPJ policies on climate change including a 25 percent reduction in greenhouse gas reductions below 1990 levels by 2020, a carbon tax, and a domestic emissions trading system with compulsory emission caps.

July 16, 2009: A Jiji Press poll shows a 16.3 percent approval rating for the Aso administration.


July 17, 2009: LDP leaders decide against a party meeting to sack Aso Taro and pick a new leader for the next Lower House election.


July 17, 2009: Kurt Campbell, assistant secretary of state for East Asian and Pacific affairs, meets Foreign Minister Nakasone Hirofumi and other officials in Tokyo. He also meets DPJ Secretary General Okada Katsuya.

July 18, 2009: Campbell and Wallace Gregson, assistant secretary of defense, Asian and Pacific security affairs, lead a delegation to the bilateral Security Subcommittee Meeting in Tokyo.

July 19, 2009: The Japanese Diet passes an antipiracy law that provides a basis for ongoing antipiracy operations by the Maritime Self-Defense Forces off the coast of Somalia.

July 20, 2009: A Mainichi Shimbun poll shows 56 percent favors the DPJ in the next general election with just 23 percent backing the LDP. An Asahi Shimbun poll shows 42 percent supporting the DPJ and 19 percent the LDP.

July 21, 2009: Prime Minister Aso dissolves the Lower House of the Diet and officially calls an election for Aug. 30 with campaigning set to begin on Aug. 18.

July 21, 2009: The Senate votes against additional funding for the F-22 fighter.

July 22, 2009: Secretary of State Hillary Clinton and Foreign Minister Nakasone confer on the sidelines of the ASEAN Regional Forum (ARF) in Thailand.

July 23, 2009: U.S. Ambassador to Japan-designate John Roos testifies before the Senate Foreign Relations Committee during a confirmation hearing.


July 29, 2009: DPJ President Hatoyama Yukio states that the MSDF refueling mission in the Indian Ocean will not be extended if the DPJ wins the Aug. 30 election.

July 31, 2009: The LDP unveils its policy platform for the Aug. 30 election.

July 31, 2009: Japan’s unemployment rate reaches a six-year high of 5.5 percent.

July 31, 2009: Eight agricultural organizations issue a statement opposing a section in the DPJ election platform regarding the promotion of a U.S.-Japan free trade agreement (FTA).

Aug. 3, 2009: The Labor Ministry reports wages in Japan fell 7.1 per cent from a year earlier in June, the 13th consecutive decline and the largest since 1990 when the data was first reported.

Aug. 4, 2009: The Council on Security and Defense Capabilities, publishes a report with several recommendations including the reinterpretation of the constitution to exercise the right of collective self defense.

Aug. 6, 2009: DPJ President Hatoyama states that a DPJ government would work closely with the Obama administration on the goal of a nuclear weapon-free world.

Aug. 9, 2009: DPJ President Hatoyama suggests that a DPJ government would codify Japan’s three non-nuclear principles into law.

Aug. 10, 2009: DPJ Secretary General Okada declares the party’s intention to conclude a Free Trade Agreement (FTA) with the U.S. in four years.

Aug. 10, 2009: John Roos is confirmed by the U.S. Senate as U.S. ambassador to Japan.

Aug. 11, 2009: The DPJ revises sections of its policy platform referring to a U.S.-Japan FTA and economic partnership agreements (EPA) with Asian countries, adding that duties on rice and other products would not be abolished and that any negotiations would not jeopardize Japan’s agricultural industries and rural communities.

Aug. 17, 2009: John Roos is sworn in as U.S. ambassador to Japan.

Aug. 17, 2009: The Cabinet Office announces that the economy grew at an annualized rate of 3.7 percent in the second quarter.

Aug. 17, 2009: A Kyodo News poll shows 32 percent favoring the DPJ on the proportional representation ballot for the Lower House election, with 16 percent supporting the LDP.
Aug. 17, 2009: DPJ President Hatoyama says if elected he will establish an investigative team in the Ministry of Foreign Affairs and dispatch members to the U.S. in an attempt to declassify documents regarding U.S. nuclear weapons policy in the 1950s and 1960s.


Aug. 21, 2009: A Nikkei Shimbun poll reveals a 20 percent approval rating for the Aso administration. Regarding public interest in Aug. 30 election, a combined 95 percent of respondents either would “definitely” or “probably” vote.

Aug. 25, 2009: Ambassador Roos meets Prime Minister Aso and Minister of Economy, Trade and Industry Nikai Toshihiro.


Aug. 28, 2009: A Kyodo News poll finds the public inclined to support the DPJ over the LDP on the proportional representation ballot by a margin of 35.9 percent to 17.9 percent. The poll also finds 36 percent of respondents favoring the DPJ in single-seat constituencies compared to 22 percent for the LDP.

Aug. 30, 2009: The DPJ records a landslide victory in the Lower House election, securing 308 of 480 seats.

Aug. 31, 2009: DPJ President Hatoyama states that an article outlining his political philosophy is not anti-American.

Sept. 1, 2009: Asahi Shimbun exit polls find that 30 percent of voters who identified themselves as LDP supporters voted for the DPJ instead.

Sept. 1, 2009: Exit polls by Yomiuri Shimbun suggest disenchantment with the Aso government as a main driver in the election. Forty-six percent of respondents cite disaffection with the Aso Cabinet as the reason for the DPJ victory, followed by 37 percent citing expectations from a change in government, 10 percent with hopes for the DPJ election platform, and 3 percent with expectations of Hatoyama as prime minister.

Sept. 2, 2009: President Obama makes a congratulatory call to DPJ President Hatoyama, who stresses the importance of the U.S.-Japan alliance.
Sept. 2, 2009: State Department spokesman Ian Kelly states that the U.S. has no intention of renegotiating the Futenma replacement facility plan or Guam relocation plan with the new Japanese government.


Sept. 3, 2009: DPJ member Maehara Seiji states in an appearance on NHK television that a decision by the new government not to extend the MSDF refueling mission in the Indian Ocean would have little impact on the U.S.-Japan relationship.

Sept. 6-8, 2009: Special Representative for North Korea Policy Stephen Bosworth visits Tokyo and reconfirms U.S. commitment to sanctions on North Korea in line with UNSC resolutions.


Sept. 9, 2009: The DPJ, the Social Democratic Party (SDP) and the People’s New Party (PNP) sign an agreement to form a coalition government which states that it would propose a revision of the Status of Forces Agreement for U.S. forces in Japan and move towards reexamining the realignment of U.S. forces in Japan to reduce the burden on the residents of Okinawa.

Sept. 9, 2009: Pentagon Press Secretary Geoff Morrell says the U.S. would “very much encourage” Japan’s new government to extend the MSDF refueling mission in the Indian Ocean.

Sept. 11, 2009: Ambassador Roos meets DPJ Secretary General Okada.

Sept. 15, 2009: The DPJ elects former party president Ozawa as secretary general.

Sept. 15, 2009: Japan’s Ministry of Land, Infrastructure Transport and Tourism (MLIT) reports that the elimination of highway tolls would result in a 57.5 percent annual increase in automobile passengers and a 33 percent increase in carbon dioxide emissions.

Sept. 16, 2009: Hatoyama Yukio is elected prime minister in a special session of the Diet and later introduces his Cabinet.

Sept. 16, 2009: Finance Minister Fujii Hirohisa states that the Hatoyama administration will move to abolish the gasoline tax in fiscal year 2010.

Sept. 16, 2009: In his first press conference, Foreign Minister Okada Katsuya states several foreign policy priorities including U.S.-Japan relations, North Korea, and climate change.

Sept. 16, 2009: Defense Minister Kitazawa Toshimi says at his first press conference the Hatoyama government would not extend the MSDF Indian Ocean refueling mission and would discuss the realignment of U.S. forces on Okinawa “based on a realistic view of the situation.”
Sept. 17, 2009: Mainichi Shimbun reports a 77 percent approval rating for the Hatoyama administration.


Sept. 17, 2009: MLIT Minister Maehara Seiji states that Japan Airlines cannot be allowed to collapse, signaling government consideration of financial support for the troubled carrier.


Sept. 18, 2009: Prime Minister Hatoyama orders a reexamination of the supplementary budget passed by the previous government and formally calls for the establishment of a National Strategy Bureau in the Cabinet Office.

Sept. 21, 2009: Finance Minister Fujii announces a decision to abandon a ceiling for budget requests adopted by the Aso administration and focus instead on reducing wasteful spending.

Sept. 21, 2009: Secretary of State Clinton and Foreign Minister Okada meet in New York and discuss the U.S.-Japan alliance, Japan’s support for Afghanistan, the realignment of U.S. forces in Japan, and North Korea. The two also participate in a trilateral strategic dialogue with Australian Foreign Minister Stephen Smith.

Sept. 22, 2009: Prime Minister Hatoyama addresses a UN conference on climate change and announces the “Hatoyama Initiative” for Japan to assume a leadership role in bridging the divide between the developed and the developing world.

Sept. 23, 2009: President Obama and Prime Minister Hatoyama meet in New York and discuss the U.S.-Japan relationship, North Korea, Afghanistan, and nuclear nonproliferation.

Sept. 23, 2009: Foreign Minister Okada states during a G8 foreign ministers’ meeting in New York that there are limits on Japan’s ability to dispatch Self-Defense Forces to Afghanistan.

Sept. 24, 2009: MLIT Minister Maehara tells Japan Airlines its revitalization plan is insufficient.

Sept. 24, 2009: Prime Minister Hatoyama addresses the UN General Assembly and cites global economic recovery, climate change, nonproliferation, development, and his vision for an East Asian Community as foreign policy priorities.

Sept. 24, 2009: Chief Cabinet Secretary Hirano Hirofumi states that the members of the ruling coalition will study closely the issue of a moratorium on loan repayments for small- and medium-sized businesses.

Sept. 24-25, 2009: Prime Minister Hatoyama attends the G20 summit in Pittsburgh.
Sept. 25, 2009: Okinawa Gov. Nakaima Hirokazu meets Defense Minister Kitazawa and suggests that altering the realignment plan for U.S. forces on Okinawa would be difficult.

Sept. 25, 2009: MLIT Minister Maehara announces the formation of a special task force to produce a revitalization plan for Japan Airlines.

Sept. 26, 2009: Defense Minister Kitazawa says during a visit to Okinawa that relocating Futenma Air Station outside of Okinawa will be difficult and would take a long time.

Sept. 28, 2009: Tanigaki Sadakazu is elected LDP president and opposition leader.

Sept. 29, 2009: Prime Minister Hatoyama directs his Cabinet to submit fresh budget proposals for fiscal year 2010 by Oct. 15.

Sept. 29, 2009: LDP President Tanigaki appoints Oshima Tadamori as secretary general.

Sept. 30, 2009: A U.S. interagency delegation led by Deputy Secretary of State James Steinberg arrives in Japan for consultations on bilateral, regional, and global issues.