

**JAPAN IN 2010: FOREIGN RELATIONS
SETBACKS IMPACTING ON
DOMESTIC POLITICS**

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Executive Summary

1. Foreign policy failures in 2010 resulted in the collapse of the Hatoyama administration and the enfeebling of the succeeding Kan administration. Prime Minister Hatoyama Yukio resigned after reneging on his electoral pledge to relocate the US marine base in Futenma to another location outside Okinawa.
2. With Hatoyama's resignation, Japan had seven Prime Ministers in ten years and a chronic problem of weak political leadership.
3. Kan Naoto, Hatoyama's successor as Prime Minister, lost the Upper House Election in July 2011 after raising the specter of a consumption tax hike with voters without due deliberation.
4. Kan's popularity plunged further to only 25 percent by December 2010 for his poor crisis management of a dispute involving a Chinese fishing boat ramming two Japan Coast Guard vessels in the vicinity of the disputed Senkaku (Diaoyu) islands.
5. As a result of Sino-Japanese tension over the Senkaku (Diaoyu) Incident, the Democratic Party of Japan (DPJ) government which earlier aspired for a more "balanced" relationship between the US and China ended up doing just the opposite --- a tighter alliance with the US at end 2010.
6. The DPJ government also broke many key pledges in its manifesto due to tight fiscal constraints.
7. The Kan administration's legislative record for the November-December 2010 extraordinary Diet session was poor: only about 30 percent of government bills submitted were passed.

8. To ensure a two-third majority to override the veto of the opposition-controlled Upper House, the ruling DPJ seeks an informal alignment with the small pacifist Social Democratic Party (SDP).
9. But this alignment might collapse if the SDP insists on the relocation of the US Futenma marine to outside Okinawa, putting the DPJ government in a fix.
10. In December 2010, the Japanese Cabinet adopted the new National Defense Program Guidelines, a blueprint for beefing up the country's security arrangements over the next decade from fiscal 2011. The Guidelines call the military emergence of China as a "matter of concern both for the region and the international community".
11. However, Japan's policy towards China may become untenable in the long run: adopting a tougher diplomatic and security stance towards China while riding on the latter's burgeoning market to resuscitate the stagnant Japanese economy.