

**THE KISHIDA ADMINISTRATION
IN JAPAN: “NEW CAPITALISM”
AT HOME, TOUGHER DEFENCE
POSTURE ABROAD?**

LAM Peng Er & LIM Tai Wei

EAI Background Brief No. 1622

Executive Summary

1. Prime Minister Kishida Fumio won a strong electoral mandate in the October 2021 Lower House Election ensuring political stability in Japan.
2. Former Prime Minister Abe Shinzo continues to wield great political influence by leading the largest Liberal Democratic Party (LDP) faction and having his allies in key positions within the ruling party and cabinet.
3. Though Prime Minister Kishida was reputed to be a “dove” and moderate, he has hiked the defence budget beyond 1% of gross domestic product, a norm since 1976. He also declared that Tokyo will consider strike capabilities against enemy’s military bases in the face of an imminent threat.
4. There are three plausible reasons for Kishida’s shift from a “dovish” to a more “hawkish” posture in defence policy. First is the strong influence of the nationalistic Abe faction that supported Kishida in the second round of the LDP Presidential Election.
5. Second is the perception in Japan that China is becoming more assertive in the disputed East and South China Seas and that a nuclearising North Korea is posing a grave threat to Japan.
6. Third is the need to be in consonance with the Biden administration’s push-back against a rising China as a loyal ally of the United States.
7. However, to appease pro-LDP lobby groups like the powerful Keidanren (Japan Business Federation) who advocate good economic ties with China, Prime Minister Kishida had a teleconversation with Chinese President Xi Jinping in October 2021, expressing his desire to improve bilateral relations and to mark the 50th anniversary of establishing official ties in 2022.

8. Domestically, Prime Minister Kishida is promoting “new capitalism” in Japan where higher economic growth coupled with redistribution of benefits is to reduce social inequality. To make “growth with distribution” a hallmark of his administration, Kishida has legislated a huge economic stimulus and pushed for salary hikes for workers in some professions.
9. Kishida’s “new capitalism” is inevitably an uphill battle because of not only the COVID-19 global pandemic’s disruption and drag on the Japanese economy, but also Japan’s rapidly ageing and shrinking population. Whether Kishida’s energetic promotion of digitisation can reignite the Japanese economy is still unknown.
10. While it is unclear if “new capitalism” as a political agenda will outlast the Kishida administration, it is likely that the tougher defence posture of Japan will continue beyond the tenure of the new prime minister.

THE KISHIDA ADMINISTRATION IN JAPAN: “NEW CAPITALISM” AT HOME, TOUGHER DEFENCE POSTURE ABROAD?

LAM Peng Er & LIM Tai Wei*

End of the Suga Administration and Dawn of the Kishida Administration

- 1.1 On 3 September 2021, Prime Minister Suga Yoshihide announced his intention not to seek reelection as Liberal Democratic Party (LDP) president later that month. This decision effectively ended his one-year tenure as prime minister. Suga therefore joined a long line of short-lived (a year or so) Japanese prime ministers in office.¹
- 1.2 Suga’s popularity as a self-made man from a humble background plunged when his administration mishandled the COVID-19 pandemic and the postponed Tokyo Summer Olympic Games.
- 1.3 Suga had to quit as LDP president and prime minister as his plunging popularity could drag down the ruling party in the October 2021 Lower House Election if he had remained at the helm.
- 1.4 Former Foreign Minister Kishida Fumio ran in the LDP Presidential Election and won in the second run-off against opponent Kono Taro. Former Prime Minister Abe Shinzo, many party elders and most LDP MPs cast their vote for Kishida (known to be a consensus builder) instead of Kono who is reputed to be a maverick.

* Lam Peng Er is Principal Research Fellow, East Asian Institute and Lim Tai Wei is Adjunct Senior Research Fellow of the same institute. They wish to thank EAI Director Professor Bert Hofman for his useful critique.

¹ The only exceptions in the post-Cold War era were Koizumi Junichiro’s tenure as prime minister (2001-2006) and Abe Shinzo’s second stint as prime minister (2012-2020).

- 1.5 Though Kishida was the LDP establishment's "safe" choice, his proposed "new capitalism" of inclusive economic growth whose fruits are to be broadly shared among the Japanese population is bold. This was an implicit critique of Abenomics perceived by many voters as benefitting primarily investors in the buoyant stock market and corporations.
- 1.6 Kishida is the leader of a faction that proudly traces its pedigree to the *Kochikai* (Broad Pond Society) established by then-Prime Minister Ikeda Hayato. Ikeda as prime minister was famous in Japan for his "income doubling" policy in the early 1960s when the country enjoyed rapid economic growth.² Kishida's electoral district in Hiroshima is also the hometown of the late Ikeda Hayato.³
- 1.7 Traditionally, the *Kochikai* is a mainstream faction more interested in public policy like economic growth and social distribution than in rightwing ideology such as constitutional revision, greater defence spending, history textbook revision to better reflect Japanese traditional values, and nationalism. Arguably, "growth with distribution" is the DNA of the Kishida faction.
- 1.8 On 4 October 2021, Kishida became Japan's prime minister. With an eye on a general election slated in the same month, Kishida declared his manifesto as "new capitalism" to reduce social inequality, a huge stimulus package to reignite the economy, and the adoption of resolute measures to tackle COVID-19 and to address the "threat" from China and North Korea.⁴

² Naoya Yoshino, "Kishida mirrors former PM Ikeda in pursuit of Japan's top post", *Nikkei*, 13 October 2021, <<https://asia.nikkei.com/Spotlight/Comment/Kishida-mirrors-former-PM-Ikeda-in-pursuit-of-Japan-s-top-post>> (accessed 24 December 2021).

³ Dai Nagata, "LDP dynasties back in spotlight as Kishida takes the reins", *Asahi Shimbun*, 4 October 2021, <<https://www.asahi.com/ajw/articles/14453869>> (accessed 29 December 2021).

⁴ Ju-min Park, "Japan's ruling party unveils manifesto with focus on coronavirus, defence", Reuters, 12 October 2021, <<https://www.reuters.com/world/asia-pacific/japan-pm-kishida-approval-rating-49-nhk-poll-2021-10-12/>> (accessed 24 December 2021).

October 2021 Lower House Election: Kishida's Electoral Triumph

- 2.1 The LDP and its coalition partner Komeito won 293 seats out of 465 in the Lower House Election.⁵ This absolute and stable majority of seats allowed the ruling coalition to secure the chairmanship of all Lower House standing committees, which promises the smooth passage of its legislative agenda.
- 2.2 Kishida's electoral victory has perpetuated the LDP's dominance at the national level since 1955. At the national level, the LDP was out of power only in 1993 and between 2009 and 2012. Insofar as the ruling coalition has a majority in both the Lower and Upper Houses of parliament, Japan will enjoy political stability.
- 2.3 Former Digital IT Minister Hirai Takuya and ex-LDP Secretary General Ishihara Nobuteru lost their seats in this national election. LDP Secretary General Amari Akira was also defeated in the single seat constituency contest but stayed in the Diet through the proportionate representation component of the Lower House electoral system.⁶ However, the losses of these three LDP notables have no impact on the stability of the Kishida administration.
- 2.4 The opposition parties comprising the Constitutional Democratic Party of Japan, Japan Communist Party, Social Democratic Party and Reiwa Shinsengumi forged an unprecedented united front to run a single candidate in the first-past-the-post districts to avoid splitting the votes against the dominant LDP.
- 2.5 Though this electoral pact of the opposition parties has been criticised for being opportunistic without a genuine common policy platform, the opposition parties might have performed worse had they not banded together against the LDP in the 2021 General Election.

⁵ The LDP won 261 seats while the Komeito clinched 32.

⁶ Japan's Lower House has a mixed system of a first-past-the-post electoral districts and a proportionate representation component.

See Obe, Mitsuru, "PM Kishida says the ruling camp has 'secured a public mandate'", *Nikkei*, 31 October 2021, <<https://asia.nikkei.com/Politics/Japan-election/Japan-s-ruling-LDP-secures-sole-majority-in-lower-house-election>> (accessed 31 October 2021).

- 2.6 The Nippon Ishin (Japan Innovation Party or JIP), an Osaka-based regional party did well by capturing 41 seats, making it the third largest political party in Japan. Arguably, the only blot on the LDP's fine electoral result was the JIP victory in Osaka prefecture, an important industrial and cultural region of Japan.
- 2.7 Apparently, many Osaka voters value the pro-active leadership of Osaka Governor Yoshimura Hirofumi of JIP in addressing the COVID-19 pandemic. Moreover, some conservative voters from Osaka who wished to cast a protest vote against the ruling LDP decided to support the JIP instead of an opposition united front including the communists.
- 2.8 The JIP is a right-leaning opposition party advocating the decentralisation of power away from Tokyo, the national capital, to smaller regional blocs for greater autonomy and local dynamism. While the JIP adds political diversity to Japanese politics, it is unlikely to seriously challenge the national dominance of the LDP beyond the Osaka region.

After the General Election: LDP Factional Politics, Winter Olympics and COVID-19

- 3.1 Former Prime Minister Abe Shinzo replaced Hosoda Hiroyuki as the leader of the largest LDP faction in November 2021.⁷ Hosoda, a former chief cabinet secretary, gave up his factional leadership to become the speaker of the House of Representatives. Earlier in 2012, Abe formally left the faction (then headed by former Chief Cabinet Secretary Machimura Nobutaka) to become prime minister.
- 3.2 The Abe faction comprises around one quarter of LDP MPs. It is conceivable that the rightwing Abe faction may influence the Kishida administration on issues of

⁷ "Abe to lead LDP's biggest faction, cementing role as kingmaker", *Nikkei*, 9 November 2021, <<https://asia.nikkei.com/Politics/Abe-to-lead-LDP-s-biggest-faction-cementing-role-as-kingmaker>> (accessed 28 December 2021).

See also "Can former PM Abe become Japanese politics' kingmaker?", *Mainichi Shimbun*, 19 October 2021, <<https://mainichi.jp/english/articles/20211019/p2a/00m/0na/029000c>> (accessed 28 December 2021).

sovereignty, defence, ideology, national pride and identity. However, Kishida is no puppet of Abe.⁸

3.3 Though the Abe faction is undoubtedly powerful within the LDP, there are rumours that the Kishida faction may eventually merge with the Aso faction and Tanigaki faction to become a powerful faction⁹ given that the three factions had their roots in the *Kochikai*. This scenario is not inconceivable if the Abe faction is overbearing to other factions including Kishida's.

3.4 The prime minister demonstrated his independence by appointing Hayashi Yoshimasu as foreign minister to the chagrin of some LDP right wingers. Hayashi is reputed to be friendly to China. He is the son of former Finance Minister Hayashi Yoshiro who served as chairman of the Japan-China Friendship Parliamentarians' Union, a cross-party group that promotes good relations with Beijing.¹⁰

3.5 In the footsteps of his father, Hayashi Yoshimasu also became the chairman of the Japan-China Friendship Parliamentarians' Union.¹¹ The media reported: "Concerns had been raised among some of the more conservative elements within the ruling Liberal Democratic Party that Hayashi was too pro-China to take a strong stance against Beijing on various issues. Hayashi conceded he is pro-China but said that would not prevent him from asking Beijing to act in a responsible manner".¹²

3.6 Some LDP right wingers are also vocal on the issue of Japan's participation in the 2022 Beijing Winter Olympics. A group of right-leaning MPs met Kishida on 7

⁸ Eric Johnston, "Growing friction between Kishida and Abe could mean turbulence for LDP in 2022", *Japan Times*, 30 December 2021, <<https://www.japantimes.co.jp/news/2021/12/30/national/politics-diplomacy/abe-kishida-rivalry/>> (accessed 1 January 2022).

⁹ "LDP Kishida seeks to merge his group, 2 factions with *Kochikai* roots", *Jiji Press*, 5 October 2020, <<https://sp.m.jiji.com/english/show/7714>> (accessed 1 January 2022).

¹⁰ "China hopes for stable ties under new Japan foreign minister", *Mainichi Shimbun*, 10 November 2021, <<https://mainichi.jp/english/articles/20211110/p2g/00m/0in/061000c>> (accessed 29 December 2021).

¹¹ Rintaro Tobita, "Japan's Foreign Minister Hayashi: China hand or too pro-Beijing?", *Nikkei*, 11 November 2021, <<https://asia.nikkei.com/Politics/Japan-s-Foreign-Minister-Hayashi-China-hand-or-too-pro-Beijing>> (accessed 28 December 2021).

¹² "Foreign minister quits as head of China-friendly Diet grouping", *Asahi Shimbun*, 11 November 2011, <<https://www.asahi.com/ajw/articles/14479634>> (accessed 28 December 2021).

December 2021 to lobby for a diplomatic boycott of the Winter Olympics. Sato Masahisa, a leader of this lobby group and director of the LDP's Foreign Affairs Division, tweeted: "Japan should diplomatically boycott (the Beijing Winter Olympics) as an ally (of the U.S.) sharing the same values (with them)".¹³

- 3.7 As a gesture of solidarity with the United States, Kishida will neither personally attend nor send a governmental delegation to the Winter Olympics. However Japanese athletes will attend the Winter Games as scheduled.
- 3.8 Kishida told reporters in December 2021 that Tokyo will send Hashimoto Seiko (Upper House MP and president of the Tokyo Olympics Organising Committee), Yamashita Yasuhiro (chairman of Japanese Olympics Committee) and Mori Kazuyuki (Japanese Paralympic Committee chief) to the Winter Games.¹⁴ The proposed dispatch of these three sports luminaries instead of government representatives is a pragmatic compromise between showing solidarity with its US ally and not offending China, Japan's most important economic partner.
- 3.9 At home, Kishida has a more pressing public health crisis. The immediate task of the Kishida administration is to provide enough hospital beds and medical facilities to cope with the virulent Omicron virus. The Japanese government has also been procuring more health resources and booster shots since December 2021.
- 3.10 Thus far, the COVID-19 infection rate in Japan has been relatively low compared with those of most developed countries. By end December 2021, Japan (with a population of 125.9 million) had 1,733,788 recorded cases of COVID-19 and 18,393 COVID fatalities. Japan's deaths are 146 per one million while those of the United States, UK, France and Germany are 2,536, 2,172, 1,889 and 1,339 per

¹³ Nobira, Yuichi, "Japan 'making own judgment' on diplomatic boycott of Games", *Asahi Shimbun*, 8 December 2021, <<https://www.asahi.com/ajw/articles/14498001>> (accessed 24 December 2021).

¹⁴ "Japan will not send senior officials to Beijing Olympics", *Kyodo News*, 24 December 2021, <<https://english.kyodonews.net/news/2021/12/674ae8ca3073-breaking-news-japan-eyes-not-sending-senior-officials-to-beijing-olympics-sources.html>> (accessed 24 December 2021).

million respectively.¹⁵ A key reason is the strict border control which had prevented the pandemic from spreading widely among the community in Japan.

- 3.11 If COVID-19 infection rates remain relatively low in Japan in 2022, the Kishida administration could claim credit for good stewardship in a global pandemic at the 2022 Upper House Election. If the LDP were to win the forthcoming Upper House Election, Kishida could become a prime minister with political longevity, a term long enough for him to promote his policy of “new capitalism”.

Kishida’s “New Capitalism” and Digital Economy

- 4.1 Though the fiscal stimulus of Abenomics resulted in corporations increasing their cash reserves, real wages for many workers have stagnated,¹⁶ implying that economic growth did not trickle down to most workers. Kishida envisages government policies that encourage the recycling of corporate profits to benefit workers through higher wages.¹⁷ He proposed tax incentives for companies that increase employee salaries and greater support for small and medium-sized enterprises to benefit their workers.
- 4.2 On the other hand, Kishida is continuing a key feature of Abenomics when he introduced a massive economic stimulus to keep the economy humming.¹⁸ In December 2021, Kishida’s cabinet approved a record 107.6 trillion yen (US\$940.5 billion) budget for the fiscal year 2022-2023 aimed at pandemic recovery, and achieving growth and distribution under his new capitalism agenda.¹⁹

¹⁵ “COVID-19 Coronavirus Statistics”, *Worldometer*, 1 January 2022, <<https://www.worldometers.info/coronavirus/>> (accessed 1 January 2022).

¹⁶ Koga Daiki, “Kishida holds 1st meeting of panel to chart path for ‘new capitalism’”, *Asahi Shimbun*, 26 October 2021, <<https://www.asahi.com/ajw/articles/14468529>> (accessed: 26 October 2021).

¹⁷ *Ibid.*

¹⁸ Yoshikawa Maho and Tomoyuki Izawa, “Kishida’s ‘new capitalism’ looking more like old ‘Abenomics’”, *Asahi Shimbun*, 12 October 2021, <<https://www.asahi.com/ajw/articles/14459242>> (accessed 12 October 2021).

¹⁹ “Japan’s cabinet approves largest-ever budget for next fiscal year”, *Nikkei*, 24 December 2021, <<https://asia.nikkei.com/Politics/Japan-s-cabinet-approves-largest-ever-budget-for-next-fiscal-year>> (accessed 25 December 2021).

- 4.3 Earlier on 26 October 2021, Kishida convened a panel on “new capitalism” at the Prime Minister’s Office²⁰ and urged companies which have recovered to pre-pandemic levels to raise wages by 3% or more to “achieve a virtuous cycle of growth and wealth distribution”.²¹ This flagship panel of the Kishida administration is likely to meet regularly to promote this new agenda.
- 4.4 However, whether firms will heed Kishida’s initiative is uncertain as they are under no legal obligation to do so. However, Kishida’s numerical target may embolden some unions in their negotiations with management in 2022 to demand for higher wages for its members.
- 4.5 Kishida also told his “new capitalism” panel meeting that his administration would take steps to raise the incomes of welfare workers such as childcare workers, nurses and caregivers by 3%. The “new capitalism” panelists include all Cabinet members and 15 experts. Seven members of the expert panel are women including Hirano Miku (CEO of artificial intelligence developer Cinnamon, Inc.) and Yoshino Tomoko (president of the Japanese Trade Union Confederation or Rengo).²²
- 4.6 One of the male experts is Shibusawa Ken, a consulting/investment management company president and the great-great-grandson of the Shibusawa Eiichi. The latter is “the father of Japanese capitalism” whose portrait will be featured in the new 10,000 yen note in 2024.
- 4.7 In December 2021, the Kishida administration announced that it will have 10,000 people promoting digitalisation including digital infrastructure throughout the country. Kishida declared: “We aim to resolve challenges including the falling

²⁰ Yoshikawa and Izawa, “Kishida’s ‘new capitalism’ looking more like old ‘Abenomics’”.

²¹ Leika Kihara and Kantaro Kamiua, “Japan PM Kishida urges companies to raise wages by 3.5 or more”, Reuters, 26 November 2021, <https://finance.yahoo.com/news/japan-pm-kishida-urges-companies-232506844.html?fr=sycsrp_catchall> (accessed 25 December 2021).

²² “Raising middle-class wages main goal of “new capitalism”, *Yomiuri Shimbun*, 27 October 2021, <<https://the-japan-news.com/news/article/0007922315>> (accessed 1 January 2022).

See also “Kishida administration to start discussions on ‘New Capitalism’ soon”, 15 October 2021, <<https://www.japantimes.co.jp/news/2021/10/15/business/kishida-new-capitalism/>> (accessed 1 January 2022).

population, aging society and deindustrialization by utilizing digital capabilities”.²³ Kishida indicated that the government will draw up a plan to develop digital infrastructure such as 5G mobile and fibre-optic networks throughout the country.

4.8 The Kishida administration has established several new councils to promote its policy initiatives including panels for realising a “digital garden city state”, “digital administrative reform”, “social security for all generations” and wage increase for nursing and childcare workers. *Asahi Shimbun* noted: “Kishida has rhapsodized about some grand visions, including ‘new capitalism’ and a ‘digital garden city state’. But these terms are nothing more than mere slogans at the moment”.²⁴

4.9 It is unclear whether Kishida’s “new capitalism” will gain traction among the Japanese voters in the forthcoming Upper House Election. Perhaps digitalisation is inexorable while catchphrases like “new capitalism” may not last beyond the Kishida administration. However, Kishida’s more muscular defence posture is likely to outlast his tenure as prime minister given Japan’s disquiet about a rising and assertive China and a nuclearising North Korea.

Toughest Defence Policy in Decades?

5.1 Given the pacifism of postwar Japan with the constitutional restriction (Article 9) on the settling of international disputes by force, any decision by the Kishida administration to adopt a pre-emptive strike policy against enemy bases will be “crossing the Rubicon”.²⁵

5.2 Hitherto, postwar Japan has interpreted Article 9 as constitutionally permitting it to exercise self-defence but not to acquire offensive capabilities like nuclear weapons,

²³ “Kishida to appoint 10,000 personnel to promote digitalization”, *Jiji Press*, 24 December 2021, <<https://jen.jiji.com/jc/eng?g=eco&k=2021122300925>> (accessed 25 December 2021).

²⁴ “Editorial: Onus is now on Kishida to flesh out his grand vision”, *Asahi Shimbun*, 11 November 2021, <<https://www.asahi.com/ajw/articles/14479371>> (accessed 25 December 2021).

²⁵ “Japan PM Kishida says enemy base strike capabilities option to boost defense”, *Mainichi Shimbun*, 27 November 2021, <<https://mainichi.jp/english/articles/20211127/p2g/00m/0na/034000c>> (accessed 27 November 2021).

ballistic missiles, bombers and aircraft carriers.²⁶ To exercise pre-emptive strike capability can be interpreted as unconstitutional.

- 5.3 If that comes to pass, Japan will become a “normal state” in the international system. Presumably, China and the two Koreas would be alarmed if the Kishida administration is bent on adopting a pre-emptive strike policy because they are likely to interpret it as Japan abandoning its postwar pacifism.
- 5.4 There has been a deafening silence in mainstream Japan towards Kishida’s proposal to consider the acquisition and operationalisation of a preemptive capability. The lack of strong revulsion against this proposal reflects the weakness of the opposition parties and the attitude of the general public towards a rising China and an unpredictable North Korea. Generational change means that most Japanese do not experience the privations of World War II and their country’s catastrophic defeat. Indeed, the national allergy to power politics has lessened considerably.
- 5.5 It is uncertain whether the Kishida administration would eventually operationalise a pre-emptive security policy. Such a policy would be financially costly, requires a new war fighting doctrine, purchase of suitable military equipment and deployment of intelligence to search, detect, verify and destroy enemy targets (static or mobile), and an upgrade in personnel training. It is also likely to trigger a diplomatic backlash and security countermeasures by Japan’s Chinese and Korean neighbours.
- 5.6 According to the LDP’s manifesto of the October 2021 Lower House Election, the LDP is concerned about North Korea’s nuclear weapons, increase in China’s military activity in the Taiwan Strait and pressure on the Senkaku (Diaoyu) islands.

²⁶ To discuss the erosion of Japanese pacifism is beyond the scope of this *Background Brief*. Arguably, the muscular policy of the Kishida administration is merely the continuation of a rising trend in Japan since the end of the Cold War calling for a reversion to a “normal state”. Take for examples the deployment of the Japanese Self Defence Force for United Nations Peacekeeping abroad, dispatch of its navy to the Middle East and East of Africa for anti-piracy missions, and “anti-terrorist” missions in the Indian Ocean and Iraq in the post-Cold War era would have been unthinkable in Japanese domestic politics during the preceding Cold War.

The manifesto stated that the LDP would aim to raise its defence budget “with an eye to bringing it even above 2 per cent of GDP”.²⁷

- 5.7 Japan’s defence spending has been capped at around 1% of GDP since dovish Prime Minister Miki Takeo introduced this informal norm in 1976 to ensure that Japan will not be a great militaristic power again. This norm resonated with, at that time, the Japanese public’s collective memory of Imperial Japan’s road to war and the resulting catastrophic defeat, including US nuking of Hiroshima and Nagasaki.
- 5.8 In November 2021, the Japanese cabinet approved an increase in defence spending that brought the annual total beyond six trillion yen (US\$53 billion). The media reported: “The move makes Tokyo’s defense budget for the current fiscal year equal to 1.14% of last fiscal year’s gross domestic product, exceeding an informal guideline of 1% GDP that has usually been observed in recent decades”.²⁸
- 5.9 The possibility of the Kishida administration significantly hiking Tokyo’s defence spending beyond 1.14% of GDP in the future is still unknown as other pressing financial needs like economic stimulus to recover from the COVID-19 pandemic, and rising welfare costs due to a rapidly ageing and shrinking population would have to be met as well. Nevertheless, the Kishida administration is set to revise the National Security Strategy (last introduced by the Abe administration) by late 2022.²⁹

²⁷ Park, Ju-min, “Japan’s ruling party unveils manifesto with focus on coronavirus, defense”, Reuters, 12 October 2021, <<https://www.reuters.com/world/asia-pacific/japan-pm-kishida-approval-rating-49-nhk-poll-2021-10-12/>> (accessed 12 October 2021).

²⁸ Chieko Tsuneoka, “Japan approves extra defense spending and sets record”, *Wall Street Journal*, 26 November 2021, < <https://www.wsj.com/articles/japan-approves-extra-defense-spending-and-sets-a-record-11637916622>> (accessed 29 December 2021).

²⁹ “Japan’s Kishida holds 1st NSC to revise 8-year old security strategy”, *Nikkei*, 14 October 2021, <<https://asia.nikkei.com/Politics/Japan-s-Kishida-holds-1st-NSC-to-revise-8-year-old-security-strategy>> (accessed 1 January 2022).

5.10 Tokyo's new muscular defence posture focusing on the development of new technologies include:³⁰

- investing in “game-changing” technologies, such as crewless planes using artificial intelligence that fly in teams with next-generation fighter jets;
- working with Britain on a new jet engine and developing new fighter jets to replace the Air Self Defence Force's ageing F-2s;
- developing capabilities to launch missiles from ships, aircraft and land. The media noted: “Such missiles are capable of attacking vessels from outside their firing range and are likely to fly 900 km with officials saying that they are aimed at deterring China's naval activities around Japanese islands while keeping Self Defense Forces personnel safe”;³¹
- acquiring more F-35 advanced stealth fighter jets;
- purchasing more small and mid-sized transport ships to support remote island defence operations in the southwest where the SDF has deployed or plans to deploy missile units;
- upgrading of 70 F-15 fighter jets to boost defence capabilities around Japan's southwest island chain;
- modifying radars for new ships equipped with Aegis ballistic missile defence system;
- conducting research projects to detect and follow hypersonic glide weapons using satellite constellations in outer space;
- developing “future rail guns” that can fire bullets at high speed to shoot down hypersonic guided missiles; and
- experimenting with technologies to shoot down drones with high-powered microwaves.

5.11 Tokyo and Washington are also planning for closer cooperation in the event of a Taiwan contingency. The media reported: “Under the draft plan, U.S. Marines will set up a temporary attack base at the initial stage of a contingency on the Nansei Islands, a chain stretching southwest from the Japanese prefectures of Kagoshima

³⁰ Reito Kaneko, “Japan's defense budget for 2022 hits record for 8th year”, *Kyodo News*, 24 December 2021, <<https://english.kyodonews.net/news/2021/12/896588f23f25-japans-defense-budget-for-2022-hits-record-for-8th-year.html>> (accessed 29 December 2021).

³¹ Ibid.

and Okinawa toward Taiwan. ... The U.S. military will get support from the SDF to send troops to the islands if a Taiwan contingency appears imminent”.³²

- 5.12 The same report noted: “The condition under which the U.S. military will set up a temporary base is when the Japanese government judges that conflict between the Chinese and Taiwanese militaries will undermine the peace and security of Japan In such a scenario, the U.S. military will deploy its high mobility artillery rocket system to a temporary base location while the SDF will be tasked with logistical support by providing ammunition and fuel”.³³

Closer to the US Ally, Better Ties with China: Is Kishida “Squaring the Circle”?

- 6.1 Kishida was a long serving Japanese foreign minister between 2012 and 2017. He is now adroitly walking the strategic tightrope of reinforcing ties with the United States to ensure Tokyo’s security, while courting Beijing to maintain close economic and stable political ties.
- 6.2 On 8 October 2021 Kishida spoke to Chinese President Xi Jinping on the phone and noted the 50th anniversary of official Sino-Japanese ties in 2022. Xi agreed with Kishida that both sides should seek “constructive and stable bilateral ties”.³⁴ The media reported that “Xi told Kishida he will try to boost ‘dialogue and cooperation’ with Japan while urging the neighboring nation to ‘manage differences’ over delicate issues such as Taiwan affairs appropriately”.³⁵
- 6.3 Kishida has appointed Hayashi Yoshimasa, a friend of China, to be Japanese foreign minister. Notably, Hayashi, who graduated from the John F Kennedy School of Government at Harvard University, is also friendly to the United States. Moreover,

³² “Japan, US draft operation plan for contingency: sources”, *Kyodo News*, 23 December 2021, <<https://english.kyodonews.net/news/2021/12/f5ed60ab6502-japan-us-draft-operation-plan-for-taiwan-contingency-sources.html>> (accessed 29 December 2021).

³³ Ibid.

³⁴ “Japan PM Kishida agrees with China’s Xi to seek constructive ties”, *Kyodo News*, 8 October 2021, <<https://english.kyodonews.net/news/2021/10/44375b98a1af-breaking-news-japans-new-pm-kishida-holds-1st-phone-talks-with-chinas-xi.html>> (accessed 29 December 2021).

³⁵ Ibid.

the Kishida administration has secured agreement with Beijing to launch a military hotline by end 2022.³⁶ The move not to boycott the Beijing Winter Olympics is also a face-saving gesture to Beijing on Japan's part to further ease relations with China.

- 6.4 Thus far, Kishida and Xi have avoided an acrimonious relationship. Japan might well pragmatically and skilfully manage its relations with China better than how the United States, Canada and Australia have handled their relations with China. If that comes to pass, that will be Kishida's contribution to better Sino-Japanese relations and a more stable East Asia.

Whither Kishida Administration?

- 7.1 Ironically, the “dovish” Kishida has adopted a tougher defence policy than the hawkish Abe as prime minister. Hiking the defence budget beyond the cap of 1% of GDP and considering the option of a pre-emptive strike on enemy targets in the wake of an imminent threat are milestones in Japanese strategic thinking.
- 7.2 Though Kishida handsomely won the 2021 Lower House Election, he has to win the Upper House Election in July 2022 to cement his leadership in the LDP and Japan. If the COVID-19 crisis and its Omicron mutation are under control coupled by an attendant economic recovery, Kishida will escape the fate of being another short-lived prime minister in a political game of musical chairs.
- 7.3 It remains to be seen whether the Kishida administration could secure the cooperation of businesses to raise the wages of workers within the framework of “new capitalism”. The litmus test of Kishida's “new capitalism” will be the forthcoming Upper House Election.
- 7.4 If Kishida can secure another electoral victory, spearhead “economic growth and distribution” and navigate well between the rival superpowers of an US security ally and a Chinese economic partner, his prime ministership will indeed be remarkable.

³⁶ “Japan agrees to launch military hotline with China next year”, *Asahi Shimbun*, 28 December 2021, <<https://www.asahi.com/ajw/articles/14512190>> (accessed 29 December 2021).