Premier Shinzo Abe is riding high on his popular recovery program. But the true aim of him and his backers is to remake Japan’s pacifist post-war order.

The agenda behind ‘Abenomics’

When ill health and political gridlock forced Shinzo Abe to quit after one dismal year as Japan’s prime minister, his pride was dented and his self-confidence battered.

One thing, however, was intact: his commitment to a controversial conservative agenda centered on rewriting Japan’s constitution. Conservatives see the 1947 pacifist charter, never once altered, as embodying a liberal social order imposed by the U.S. Occupation after Japan’s defeat in World War Two. “What worries me most now is that because of my resigning, the conservative ideals that the Abe administration raised will fade,” Abe wrote in the magazine Bungei Shunju after abruptly quitting in September 2007. “From now on, I want to sacrifice myself as one lawmaker to make true conservatism take root in Japan.”

Less than six years after his humiliating departure,
Abe, 58, is back in office for a rare second term. He is riding a wave of popularity spurred mainly by voters’ hopes that his prescription for fixing the economy will end two decades of stagnation. The policy, known as “Abenomics”, is mix of monetary easing, stimulative spending and growth-inducing steps including deregulation in sectors such as energy.

But interviews with some two dozen allies and insiders show “Abenomics” was a late addition to his platform.

Abe’s unlikely comeback was engineered by a corps of politicians who called themselves the “True Conservatives,” many of whom share his commitment to loosening constitutional constraints on the military and restoring traditional values such as group harmony and pride in Japanese culture and history.

While the cultural-political agenda is what drove them, Abe and his backers also came to realize that voters cared most about the economy, so this time, they made it the first priority.

“Mr. Abe in his first term put more priority on revising the constitution than on the economy,” said Yoichi Takahashi, a former finance ministry official who is an adviser to Abe. “Even now, I think that is the case. But I think he realized that in terms of order of priority, he had to work on the economy first.”

Ahead of a July upper house election that his Liberal Democratic Party (LDP) looks set to win, Abe is again floating the conservative political agenda, including constitutional revision, that drew his core supporters even as he tries to steer a more pragmatic course.

Revising the constitution, though, ranks far down the list of public priorities, polls indicate, and voters are sharply divided over whether to alter the document’s signature passage, the war-renouncing Article 9, to legitimize the military.

Some Abe allies worry that a hasty push for constitutional changes could upset voters who want the focus to stay firmly on the economy - repeating a mistake seen as a key factor in Abe’s first failed attempt to govern.

“He wants to achieve what he left undone – to break free of the ‘post-war regime’,” said Koichi Hagiuda, a lawmaker and special aide to Abe. “What is most symbolic of that is the constitution that was drafted in one short week under (U.S. General Douglas) MacArthur’s Occupation.”

But Hagiuda added: “He has no intention to rush”.

Japan’s security ally, the United States, would likely welcome an easing of the constitution’s constraints on Japan’s military. But Washington worries that Abe’s efforts to strike a less apologetic tone on wartime history will further strain ties with China and South Korea, who suffered under Japan’s occupation and colonization before and during World War Two.

Abe has declined requests for interviews.

**Support for Shinzo Abe’s cabinets**

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Sources: Reuters; NHK Political Survey.

**HOPE OF REBIRTH**

Months after resigning in September 2007, Abe visited Kumano Shrine deep in the mountains of western Japan, known since ancient times as a place of healing and resurrection. Few thought then he would be politically reborn as one of the country’s most popular leaders.

“It is said that if you make a pilgrimage there, you will be restored to life,” said one government source close to Abe. “I said, ‘Let’s go there and you will surely come back.’”

“I urged him many times ... to take some action aimed at becoming prime minister again. But he kept saying, ‘No, no. It’s too soon. The public will not forgive the way I resigned.’”

Yet Abe never abandoned hope of political redemption, his closest advisors from those times say.

“He definitely wanted to be prime minister again,” said Hidenao Nakagawa, who had served as the LDP’s No. 2 official...
during Abe’s first term. “And those around him encouraged him and told him ‘Your time will come.’”

Abe’s time had appeared to come when the scion of a wealthy political family took office in 2006 at the age of 52, Japan’s youngest post-war premier. Abe was dedicated to conservative ideals imbibed at the knee of his grandfather, former Prime Minister Nobusuke Kishi, and encapsulated in Abe’s 2006 book, “Toward a Beautiful Country.”

A wartime cabinet minister, Kishi was imprisoned but never tried as a war criminal after World War Two. He was premier from 1957 to 1960, but had to resign without achieving his goal of revising the pacifist constitution due to a public furor over a U.S.-Japan security pact that he rammed through parliament.

Just 12 months after taking over as heir to charismatic Prime Minister Junichiro Koizumi, however, Abe stunned the political world by quitting. His term was marred by scandals in his cabinet, a public outcry over lost pension records and a huge election loss that created a deadlock in parliament. He also suffered a severe worsening of his chronic ulcerative colitis, for which he was hospitalized after quitting.

**TRUE CONSERVATIVES**

Soon after his resignation, Abe and other LDP conservatives set up the True Conservatives Association. Its goals were to protect tradition and culture, revise the “post-war regime”, protect national interests and earn international respect.

Central to the group’s world view is a belief that the constitution, drafted by U.S. Occupation officials in February 1946, not only restricted Japan’s right to defend itself but also eroded traditional mores by emphasizing individualism and citizens’ rights over social harmony and duty to the state.

The association included close allies such as Yoshihide Suga, a former minister in Abe’s first cabinet. It formed the core of Abe’s support when many LDP powerbrokers thought his future was on the back bench.

“Politically savvy people did not think that he could come back as prime minister,” said Michael Green, Japan chair at the Washington-based Center for Strategic & International Studies, whose ties to Abe go back to his stint at the U.S. National Security Council from 2001 to 2005. “The people who pushed his comeback and remained fiercely loyal were not the most influential.”

A group of conservative business executives known as the Four Seasons Association provided moral support and advice. Members included Central Japan Railway Co’s Yoshiyuki Kasai and Fujifilm Holdings Corp’s Shigetaka Komori.

“Mr. Kasai and Mr. Komori thought they needed to nurture a future prime minister from among younger politicians,” said former economics minister Kaoru Yosano, who first introduced Kasai to Abe before he first became premier. “After he resigned, they disbanded, but contact and friendship remained on a personal basis. Mr. Kasai and the others were in full agreement that he should have a second chance.”

Kasai, 72, is an outspoken critic of China.
and during the first Abe cabinet served on an advisory panel on teaching of patriotism in Japanese schools. He declined to be interviewed. Komori, 73, is credited with saving Fujifilm from the fate of failed imaging rival Kodak.

Their backing stemmed from agreement with Abe’s conservative agenda rather than specific economic policies.

“The constitution puts individual rights too far out in front,” said Komori, who with Kasai later became core members of a more recent corporate-executive support group for Abe, the Cherry Blossom Association. “Mr. Abe is extremely sensitive to the merits of restoring that sort of Japanese spirit. I was in great agreement with that,” he told Reuters.

RETURN TO THE STAGE

Abe met periodically with a quartet of former cabinet- minister comrades – Suga, Yasuisa Shiozaki and Yoshimi Watanabe – who called themselves the Abbey Road Group - a pun on Abe’s name and the iconic cover of the 1969 Beatles album.

Suga had been working towards Abe’s return from the time he quit. His reasons, say some who know him, were as much personal as ideological. “He was a bosom friend,” said one political source.

The campaign to bring back Abe gathered momentum in 2009 even as public support for the LDP slid under yet another unpopular prime minister, pushing the long-ruling party towards the opposition for the first time since it was briefly ousted in 1993-1994.

Abe began to emerge from the shadows, traveling to Washington in April 2009 to speak at the Brookings Institution, where he expressed concern about China’s military build-up and touted “innovation” as the cure for Japan’s economic ills.

His public appearances sparked speculation he was considering another bid for the premiership, a possibility he left open in an interview with Reuters in May of that year.

“I want to receive the judgment of the people in the election, obtain the voters’ trust and work towards my next goal,” he said then.

Indeed, Abe’s close allies say the August 2009 general election, which ousted the LDP after ruling Japan for most of the past half-century, marked a turning point.

Abe went to unusual lengths to ensure he not only kept his own seat in that poll – never really in doubt – but also resoundingly defeated his Democratic Party rival. He pounded the pavement, called on voters at their homes, shook hands at shopping alleys – rare activities for former prime ministers with safe seats.

“That was the time I felt that this man definitely intends to try (for the premiership) again,” said the government source close to Abe. “He wanted to win by a landslide. I think his intention was to settle the account with the past that way.”

Abe did win by a landslide, but the LDP
REMAKING JAPAN THE AGENDA BEHIND ‘ABENOMICS’

was trounced by the novice Democratic Party of Japan. Now in the opposition, Abe took over leadership of the True Conservatives Association.

“After we lost power, we thought that if we did not create a true conservative core, our time in opposition would drag out,” said Seiichi Eto, a founding member of the group and now a special aide to the prime minister. “From that time, we carried out activities like a political party.”

PENSIONS AND POCKETBOOKS

While Abe and his allies remained committed to their conservative agenda, the failure of his first administration had taught them one scarring lesson: Voters care more about pensions and pocketbooks than changing the constitution and reviving patriotic education.

The program of drastic monetary easing that became central to “Abenomics” took root in Abe’s agenda after the triple disasters of March 11, 2011 – a mammoth earthquake, tsunami and nuclear crisis.

In June of that year, senior LDP member Kozo Yamamoto set up a group calling for a 20 trillion yen ($200 billion) reconstruction program to be funded by debt purchased by the Bank of Japan.

Yamamoto invited Abe to head the group. It later morphed into an association urging the central bank to set a 4 percent inflation target – considered an extreme notion to which the BOJ was staunchly opposed. Abe accepted the role, and through his association with the group and its mentors such as Yale University professor Koichi Hamada, became a convert.

Some of Abe’s closest allies, such as Shiozaki, an ex-central bank official in the Abbey Road group, at first opposed adopting what they considered extreme economic views. They particularly objected to a threat to gut the central bank’s independence by revising its legal charter if it refused to embark on radical monetary easing.

“What Mr. Yamamoto was saying was a heretical view,” one government source said. “The study group advocated revising the BOJ law, and we felt it would be laughed at by world leaders.”

By March 2012, however, it was clear Abe supported a bolder monetary policy. Business supporters pushed him to rein in the strong yen, which was battering exporters and pushing output offshore. A big bout of monetary easing might just do that.

Two months later, Abe impressed business executives at an exclusive gathering with his economic analysis. He whipped out color charts comparing the monetary base – cash in circulation plus deposits at the central bank - under the BOJ, the European Central Bank and the Federal Reserve.

He used the prop to put the blame for persistent deflation squarely on Japan’s central bank. “I was stunned that he started by talking about the monetary base and deflation,” said one source who attended the meeting.

ABE REDUX

In the spring of 2012, Abe’s allies prepared for a run at the LDP presidency. Much of the groundwork was laid by the True Conservatives Association, now renamed Sosei Japan (Japan Rebirth). Education reform and revising the constitution topped the list of policies, but the proto-platform also called for a 3 percent inflation target.

Speculation about an Abe comeback grew in April, when he met outspoken Osaka Mayor Toru Hashimoto, who hoped to woo Abe to the new right-leaning Japan Restoration Party he was planning to set up. Abe rejected the overture.

“He told me around last May that he would not join the Japan Restoration Party and wanted to seek a second chance from the LDP,” said Watanabe of the Abbey Road quartet, recalling a late night chat in a bar in Tokyo’s Roppongi nightspot.

His allies gave Abe conflicting advice over whether he should run in a September vote for leadership of the LDP. Some said it was too soon, others that he should grab the chance.

Ahead of Japan’s mid-August summer Obon holidays, when spirits of ancestors are honored, Suga and another close ally visited Abe in his office for another appeal. They told him his chances of victory over two front-runners were at least 50-50. Abe promised to consult his wife, Akie.

He declared his candidacy on Sept. 12, 2012 – five years to the day after quitting - and won the leadership race in a rare second round run-off. Campaigning on pledges to revive Japan’s economy and diplomacy, Abe then led his party to a landslide December election win.

Back in office, the prime minister and his inner circle – many from his first attempt to govern – have applied lessons learned from that early failure, when the government message was more cacophony
than harmony.

Allies credit Suga, 64, now in the key post of chief cabinet secretary, with running the tight government ship that eluded Abe the first time.

Unlike during his first term, cabinet ministers rarely speak out of turn. Abe is kept front and center in the media through interviews, news conferences and Facebook postings. Abe spends considerable effort wooing media executives but shuns the brief daily stand-up Q&A sessions with reporters that tripped him up the first time.

For all the change in style, those close to Abe say his ultimate goal remains unchanged.

“He intends to be in office for four or five years and in the end, he wants to revise Article 9 of the constitution,” said another government source. The pacifist clause, if taken literally, bans Japan from maintaining a military, but has been stretched to allow armed forces now bigger than Britain’s.

This time Abe is pushing first for procedural changes to the constitution’s Article 96 to lower the hurdle for revisions. Currently, Article 96 requires that amendments be approved by two-thirds of the members of each house of parliament, followed by a majority of voters in a public referendum. The LDP wants to change that to a simple majority in parliament, followed by the public vote.

Critics say such an amendment would leave the constitution vulnerable to easily shifting political winds.

One recent Sunday, the media-savvy Abe made what looked to some like a pitch for the revision at the ballpark. After giving two popular Japanese baseball greats - including former New York Yankees star Hideki Matsui - a national award, Abe got a present of his own - a jersey with the number 96. He donned the shirt and strode onto the field at Tokyo Dome stadium before 46,000 fans and live TV cameras.

Asked later if the number referred to the proposed change in the charter, Abe replied with a smile: “The uniform is because I am Japan’s 96th prime minister.”

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