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**The 2010 US Midterm Elections and Their Implications
for Domestic and Foreign Policy**

Introduction

I am very happy today to have the opportunity once again to make a presentation at the Japan Institute of International Affairs, with which I was once affiliated as a research fellow. I would like to use this “home coming” to speak about US domestic and foreign policy trends arising out of the midterm elections last November, touching on US-China and Japan-US relations, topics of particular interest to Japan. My basic contention is that underestimating the impact of domestic politics on foreign policy can at times be spark serious crises. Accordingly, this presentation will differ somewhat from the conventional narrative in that it will look at foreign policy and Japan-US relations through the lens of domestic politics.

What happened in the 2010 midterm elections?

As you know, midterm elections are quite often used to cast a punitive vote against the party in power at the time, but the results of these last elections were a “shellacking” in the words of President Obama, with the Democratic Party losing 64 seats and its majority in the House of Representatives (D: 193, R:242) and six seats in the Senate, giving it only a four-seat lead over the Republican Party (D: 51, R: 47, I: 2 [caucus with the Democrats]). The Obama administration thus found its ability to garner Congressional support for its policies greatly restricted. President Obama and the Democratic Party no longer had any choice but to acknowledge that the Republican Party held the initiative in setting the agenda in the House and that more meticulous measures were needed to deal with the opposition party in the Senate, which has particular influence in setting foreign policy. This “huge turnover,” as the now-hackneyed phrase goes, is quite important when one considers its impact on the policy making process.

Another aspect of this election was the Tea Party movement, which grabbed considerable attention during the course of the campaign. This movement cannot really be termed a united one, as is evident from the lineup of Republican Congressmen seen as affiliated with the Tea Party (in terms of roots, beliefs and policy interests). Consequently, it is too early to make an accurate assessment of the movement’s meaning and significance – including the question of whether it is in fact a movement in the strict sense of the word – but at the very least it must be borne in mind that the Tea Party has taken the form of a “grassroots

movement” active in all electoral districts and that it is even more “anti-federal government” and “anti-Washington” than it is “anti-Obama” and “anti-current administration.” That is to say, the Tea Party’s condemnation of the Obama administration’s health care reform and fiscal policies in the midterm elections simultaneously poses a potential threat to the Republican Party’s traditional leadership. I should add that the hard-line “anti-China” discourse that became a prominent part of the Tea Party’s election campaign, though it ultimately went no further than to point out the negative impact of China’s economic rise on the US employment situation, raised concerns among the Republican mainstream of an excessive emphasis on the Chinese threat, and that the Tea Party still has no clear-cut foreign policy stance.

The results of elections for state governors and state legislators conducted at the same time as the US House and Senate elections also have important implications for divining future political trends. Not only did the Democratic Party lose six of 37 governorships up for re-election, greatly upsetting the balance (D: 13, R: 23, I: 1/overall, D: 20, R: 29, I:1), but the Republican Party gained an even greater advantage by controlling such states as Florida, Arizona, Nevada, Georgia and Texas with notable population increases due to adjustments in the distribution of House seats and the resetting of voting districts for state legislatures based on the findings (population distribution) of the once-a-decade national census conducted in 2010. The Republican Party has the initiative in the gerrymandering (or bug splats) that will likely continue over the next year, and it is inevitable that it will seek to solidify its foothold further. These circumstances are already having an impact, above all in the energetic efforts seen in the Republican camp toward the next presidential election, the campaign for which began in earnest after the midterm elections.

President Obama’s political setbacks

How are these circumstances affecting actual policy decision making processes? Recollecting that the key points of contention and discussion in the midterm elections were the US economy (and employment in particular) and the role of government spending, the actions of the Obama administration after the election, such as its shift in tone from improving the unemployment rate and providing social welfare through fiscal expenditures to bringing about economic recovery through improvements to the treasury budget illustrate it straightforwardly. A typical example of this was the December 6 “trade-off” with the Republican leadership on an extension of the Bush tax cuts for an extension of unemployment benefits (by two years and by 13 months respectively). This was the product of an extreme “inside-the-Beltway sensibility” between the Republican leadership threatening to shelf the abolition of the Bush tax cuts, and the president faced with a cutoff in unemployment benefits of more than a million recipients just before the Christmas break. It was the aforementioned structural change that brought about President Obama’s almost unimaginable “change of heart” prior to the election. Similar compromises could appear frequently in future.

The State of the Union address on January 25 and the Republican Party's response thereto highlighted a gap between the two parties difficult to bridge in such circumstances. The address had advocated for a five-year extension of the freeze on discretionary spending and investment in priority sectors (infrastructure, clean energy, education) deemed key to improving the US' competitiveness, but Paul Ryan, Chairman of the House Budget Committee, voiced his party's opposition to intrusive and profligate big government and firmly demanded cuts in discretionary spending to 2008 levels. In other words, traditional disputes over big government versus small government once again surfaced in the form of debates over budgets and fiscal soundness. The provisional budget at 2010 levels is set to expire on March 4, and the period from the end of March to May – during which the debt ceiling of \$14.3 trillion is expected to be broken – will mark a watershed in these discussions. Attention is now focused on the compromises that will be reached beforehand among the Democratic Party, the Republican Party, the Congress and the White House.

However, a considerable portion of the expanded debt stems from the structural problem of ever-increasing Social Security-, Medicare- and Medicaid-related expenditures, and the pursuit of fiscal soundness will likely continue to be an issue over the longer term. As you know, a battle is being waged over Obamacare – marked by multiple federal district court rulings on its unconstitutionality and a battle of nerves over using the veto– and an essential element in analyzing US domestic politics and foreign policy is disregarding neither the degree of impact that the healthcare system issue has on American politics, an issue that might seem unremarkable to non-Americans, nor the Tea Party at the forefront in criticizing Obamacare and the broad-based sentiment that brought the Tea Party to prominence.

Having said that, the vast majority of the American people are interested primarily in jobs, economic recovery and the Obama administration's economic policies, and the fact that the next presidential election will focus on how the Democratic and Republican parties will pursue dialogue and compromise on these issues (centered on the budget and sound fiscal policy) is certainly characteristic of US politics at present.

Impact on foreign policy as a whole

Well, what about foreign policy?

Many regard it as strange that an election conducted with two wars underway would see these wars excluded almost entirely from discussion, but one possible explanation is that a substantive consensus on withdrawal from Iraq and Afghanistan had already been formed. Such cooperation between the two major parties and between the president and the Congress can also be seen in the ratification process for the new Strategic Arms Reduction Treaty (START) – although there are twists and turns such as the opposition of and conciliation with hard-line Republican Senator Kyle and others. Given that support for arms control is growing even within the Republican Party, greater cooperation from Senate Republicans on this matter would seem possible in future.

Considerable progress is also expected in the debates over trade agreements, in view of the Republican lead in the Senate and the expectations that such agreements will boost the economy. My own view is that efforts toward a US-South Korea FTA will pick up, and that stagnated talks on FTAs with Colombia and Panama, the TPP, and the WTO Doha Round will resume (the House Budget Committee's public hearing scheduled for February 9 will serve as a precursor).

One issue that has been forced to the back burner, however, is that of climate change policy. As illustrated by the inclusion of reduced energy consumption and the development of alternative energy as policy objectives in the State of the Union address and the end of cap-and-trade (emissions trading) that had been introduced on a trial basis, the Democratic Party's defeat in the midterm elections reduced its ability to actively push for reductions in greenhouse gas emissions through legislative means.

On Middle East policy, too, President Obama has found it difficult to avoid taking a passive stance in the face of the immense influence of supporters of Israel in the House of Representatives. The day-to-day events in Egypt are being closely watched in Washington and, while the fluidity of events makes it extremely difficult to forecast developments, it would seem necessary at least to bear this structure in mind.

US-China relations – discussing Hu Jintao's US visit

I have already touched on the fact that voters showed very little interest in foreign policy during the midterm elections and that remarks about China were limited to economic matters. As indicated by the House resolution passed in September 2010 demanding that the renminbi be revalued upward – though such resolutions are not binding – China is for many Americans first and foremost a stealer of American jobs.

Nonetheless, the January visit to the US by China's president Hu Jintao and the consequent US-China summit meeting served as excellent opportunities for ascertaining matters of interest pertaining to China (i.e., policy priorities) among administration officials and Congress. Particular attention should be given to the fact that North Korea's uranium enrichment program and China's response to the UN Security Council's sanctions resolution were discussed "behind the scenes," and it can clearly be deduced from the incorporation of "concerns" about this program in the two leaders' joint statement. A view gaining currency in Washington is that the recommencement of military exchange confirmed during Secretary of Defense Gates' visit to China prior to the summit meeting was principally focused on encouraging Chinese involvement in stabilizing the situation on the Korean Peninsula, making apparent where interest in China lies at the government/military level.

Our attention is also drawn to the mention of pursuing human rights dialogue in the joint statement. The human rights situation in China – together with the aforementioned

currency issue – is a topic frequently taken up by Congress, and there are likely to be more vigorous moves, in particular by the House Foreign Affairs Committee and the House Military Affairs Committee, to get President Obama to call for dialogue on human rights. Discussions on China in the short term are likely to focus on Ambassador Huntsman's (recently announced his intention of resign) stance toward China during the next presidential election, but more important as keys to analyzing US-China relations are the forms that the differences and correlations in matters of interest at the various levels addressed here will take over the medium to long term, and the nature of policies toward China to be put forth in future.

Implications for Japan-US relations

Let me close by talking about future relations between Japan and the US, both of which, oddly enough, have "divided legislatures."

I think that Japan-US relations are smooth on the whole, making slow but steady progress. Foreign Minister Maehara reached an agreement on a US visit by the Prime Minister during his visit to the US extending from the end of last year to the beginning of this one, and the drafting of new "Common Strategic Objectives" as guidelines for cooperation in the area of security, too, will likely be completed via the foreign and defense minister talks (2+2 talks) this spring. Some US government officials anticipate that Japan will announce its participation in TPP at the November APEC meeting in Honolulu, and interest is growing in future political developments in Japan. In any event, the participants in this Forum as well as government authorities are no doubt equally aware that the strategic policies of both countries in Northeast Asia have become the central topic of discussions between the two countries and that such global issues are important. The differences in views could be problematic, however. Interest in Japan is commonly focused on China's presence, circumstances on the Korean Peninsula, and ASEAN, with generally little regard paid to the domestic US context and "inside-the-Beltway sentiment" I have been discussing, while the opposite holds true in the US. A willingness to understand the broad-ranging trends surrounding the Asia-Pacific inclusive of these factors is a basic but essential element in developing Japan-US alliance relations.

In drawing conclusions from the aforementioned, I believe it important to recognize that each country's foreign policies are coupled with its domestic politics and that both Japan and the US face numerous foreign policy concerns as a matter of fact, and that it is crucial to form common strategic guidelines on this basis. The next year will be a particularly important period in this regard.