The Brookings Institution Dollar & Sense podcast The 2020 Tokyo Olympics were always meant to be a story of resilience August 2, 2021

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DAVID DOLLAR: Hi, I'm David Dollar, host of the Brookings trade podcast <u>Dollar and Sense</u>. Today we are going to talk about the Tokyo Olympics and what they mean for Japan. My guest is Mireya Solis, director of the Center for East Asia Policy studies and holder of the Japan chair at Brookings. So welcome to the show, Mireya.

MIREYA SOLÍS: Thank you very much, David. It's a pleasure to be here.

DOLLAR: So Mireya, you wrote on a recent <u>Brookings blog</u> that every Olympics has a story or a narrative, and I agree with that. This has been a long gestation Olympics. Before the pandemic hit, what would you say was the story or the narrative? How did this fit into Japanese politics and Japan's story?

SOLÍS: Thank you, David. In the piece that you referenced that I wrote with Laura McGhee, the point we made is that in the beginning the narrative really was about recovery and renewal. Recovery from a major shock that Japan suffered with the Triple Disaster of 2011. There was an earthquake, a tsunami, and then a nuclear accident. And therefore, when Japan was making the bid in 2013, it was trying to tell the world that it was coming back from that major setback. That Japan was resilient enough and therefore that the world should come and see how much Japan had made progress in rebuilding. A robust Japan, a secure Japan, was the message.

There was also a storyline about renewal, which has been very important to Japanese politics and foreign policy. The idea here—what Japan wanted to tell the world, David—is that it was leaving behind the so-called lost decades when the Japanese economy had lost its way, when Japan had been paralyzed by political instability, and when that energetic Japan seemed to come to a sudden stop. Therefore, it was about showcasing the strengths of Japan, and it was also about showing the world that Japan had achieved political stability.

When Prime Minister Abe came to support very strongly the Olympics, he was also seeing in the games a legacy for him. As time went by and those Olympic preparations were moving forward, it was also the years when the prime minister stayed in power, so much so that he actually, in his second term in office, became the longest serving prime minister in the history of Japan. And the Olympics was going to be a crowning event of some sorts to that accomplishment.

DOLLAR: So obviously with the pandemic and with Abe stepping down, things have changed pretty dramatically. We have had an unprecedented one-year delay. We are calling these [games] Tokyo 2020, but here we are in the very end of July 2021 and these Olympics are occurring. How has the narrative changed in light of the pandemic and the change in the prime minister?

SOLÍS: Well, I would say, David, that the pandemic has changed everything. First, I should note that the health outcomes for Japan have not been very bad at all. Actually, Japan has weathered relatively well compared to other countries [during] the COVID-19 crises. If you look at the total number of cases in Japan, they have not reached one million people, and the level of fatalities is around 16,000. When you keep in mind the numbers in the United States—we are approaching 35 million cases of COVID-19 and more than 600,000 people have tragically passed away—clearly, there has been something different in how the pandemic has played out in Japan. But nevertheless, the Delta variant has arrived. The Olympics have arrived. And therefore, there are concerns as to whether the Olympics could turn into a super spreader event.

In terms of the narratives that the current version of the Tokyo Games is constructing, I think that it has been difficult to make that case of economic renewal, because, quite frankly, Japan is not in the place today that it was when it was expecting to host the Olympics. Japan had also experienced a record number of consecutive months of economic expansion. Moderate, if you will—around one percent of growth—but nevertheless expansion. That came to an end at the end of 2019 when the Abe administration went forward with a consumption tax increase. The tragedy for Japan was that just as they did that, in early 2020 the pandemic hit and Japan finds itself in recession. The idea that you would show a Japan that has found its way back to growth when you host the Olympics is no longer possible.

Another accomplishment of the Abe years was to open Japan. It was the idea of openness; it was the idea of Japan being so attractive that there was a tourist boom. And you cannot showcase that either, because with the pandemic we are talking about a period of closed borders. The decision was made just a few days before the Olympics that there would be no spectators. We knew that there would not be spectators from overseas for some time now, but now not even domestic spectators.

Also, instead of being this legacy event for Prime Minister Abe, 2020 was a tough year for the prime minister. He actually resigned a year ahead of when his period was going to end. He stumbled in the response to COVID-19, and he resigned because of health complications. He was then followed by his successor, his right-hand man, the current prime minister, Yoshihide Suga. And we are no longer talking about a crowning event, but whether he can survive the Olympics and he can therefore be more than a caretaker prime minister.

What is the narrative that Tokyo 2020-but-hosted-in-2021 is trying to send? Well, clearly, this is no longer about Japan's own struggles but the fight that the world is waging against the virus. It's a global fight, and the message is that by going forward we are showcasing that science can prevail and that the world has not been kneecapped by COVID-19. The question, though, is that the virus is resilient, that the virus mutates, that there's vast inequities in access to the vaccines among different countries. And therefore, we don't know if it's yet premature to make the case that through the Olympics we are telling the world that "we got this," that we are at the other end of this struggle.

DOLLAR: I take the point, Mireya, that Japan can't really showcase the big economic recovery, but as you say, they have really done a pretty admirable job controlling the coronavirus. I think there are pretty few places in the world that can pull off an Olympics in the middle of a continuing global pandemic.

I was a little bit surprised that opinion polls in Japan leading into the Olympics showed pretty weak support. Many people thinking they should be delayed further or cancelled. Seems to me now that we are at the end of the first week that it's actually gone very well. As always, there's some extraordinary human feats of athleticism which are fun to watch regardless of which country people come from. But in general, there's relatively few COVID cases inside the Olympic bubble. Seems to be going pretty well. Do you have a sense that public opinion will be shifting and that this politically might work in the prime minister's favor? Or do you think people are still pretty negative about this?

SOLÍS: Well, I do believe that public opinion has shifted. If you look at the numbers in the spring, the vast majority of people were opposed to going forward with the Olympics, and those numbers

have changed. They have changed really since the opening of the Olympics. There is analysis, opinion polls, social media, of how this is playing out in Twitter and so forth. And it's true that sentiment seems to be shifting and there are now more favorable views of the games.

I think this has to do with—as you alluded, David—to the magic of the sports. Japan actually this week has done very well in the Olympic gold medal count. I think that has people very enthusiastic about watching the games. You know, there have been some memorable victories in softball, in ping pong, judo. But there also have been poignant moments when some of the expected athletes who dominate their sport and are expected winners, like Naomi Osaka or Simone Biles, have either been defeated or withdrew. And therefore, the drama and the beauty and the struggle of the Olympics are in full display, even if we don't have spectators. I think that has captivated the public.

But David, we should not lose track of the fact that this week the virus has also been telling, at high tempo, a story of its own. These days we actually have seen a record number of cases of COVID-19 in Japan. I think now 10,000 cases a day. In Tokyo, over 3,000 cases a day. It's too early to tell, literally, how this will play out in terms of the public view on the wisdom of having had the games because we don't know yet where this will end. As you said, the evidence so far suggests that transmission within the Olympic bubble has been low, but people are discussing some indirect effects. And the fact that people are enthusiastic, people want to gather and watch the Olympics, and that may also be creating a sense of normalcy. A sense of wanting to gather. Quite frankly, people are very tired of the lockdowns, and this creates an opportunity to watch with others. And it seems that the Delta variant is spreading fast and mostly among younger Japanese.

DOLLAR: Prime Minister Suga faces an important election this fall. It may be a little early to say whether the Olympics end up being a net benefit for him or some kind of problem. Without being a Japan expert, my sense is probably the Olympics are a net benefit for him, but there are a lot of other things going on in Japanese politics. Can you just handicap this election for us a little bit? What are some of the key issues? What's at stake for Prime Minister Suga?

SOLÍS: This is a make-or-break election for him, clearly. He actually faces two different elections this fall. Because he is serving the remainder of the term of Prime Minister Abe, he must be reelected as president of his party in September and then he faces a national election later in the fall, probably around November. Now, things are complicated for him. He has opened the games at a time when there has been a major drop in public support for his administration. And we are talking about the danger levels, if you will. People that follow Japanese politics look at these numbers and they feel that they are not good. I'm talking about public support for his administration in the range of 30-33 percent. That means that when he was first elected as the successor to Prime Minister Abe there was a honeymoon period with the Japanese public and people were really welcoming of a steady hand. He had a very good reputation as the chief cabinet secretary, as someone that knew how to get things done. And this happened in the midst of COVID-19, and therefore there was the expectation that maybe he could provide the stability that the country wanted.

He has actually launched some very significant reform agendas on digitalization but also climate change. He's trying to do things that Japan needs to happen, but he's also dealing with a pandemic. And I think this is where people are becoming very skeptical.

The vaccine rollout in Japan has been very slow for a number of reasons. Today, only something like 27 percent of the population is fully vaccinated and 38 percent have had one shot. And people therefore don't have a lot of confidence that he is going to be delivering on what they care the most about, and that is feeling safe in terms of the pandemic. The economy is not doing great. And, therefore, there are questions about what happens going forward for Japan.

I don't think that we are looking at a scenario where the Liberal Democratic Party (LDP), his party, could be voted out of office because the opposition is simply not quite strong enough. Opposition parties have been very fragmented. They are getting better at coordinating electoral strategy. And with these very low public support levels, what could happen is that the LDP will not have the very vast lead that they used to have in the Diet, which is the Japanese parliament. But it remains to be seen what happens. It's not just whether he survives, but whether he will have sufficient strength both within his party and in the Diet and the trust of the people to advance what are really transformative initiatives but that will nevertheless affect many vested interests. So how will he come out of the elections is important. I think that the fight against COVID-19 is everything for him. And with the Olympics will come this event that he persevered and it actually went well, or whether it becomes a super spreader event and people think this was a tragic mistake, that's the story that's being written as we speak.

DOLLAR: If I could have a quick follow-up on this topic, Mireya. One thing that's happened with the Olympics is they have become more and more expensive. I think because of the delays and other things this is probably the most expensive Olympics ever. Is this an issue, or is Japan a rich country where it's really not an issue? And as a footnote to my own question, I'll point out it's harder and harder to get cities to apply for the Olympics. The next two Summer Olympics are going to be in Paris and Los Angeles because nobody else has applied, basically. I mean, it's just become very expensive and difficult to run the Olympics. We mostly got cities from rich countries that want to do this.

SOLÍS: Yes, it is an issue, of course. I think that the Olympics have not been money making projects for host cities even during regular times. Now add the fact that this was delayed for a year, the fact that you do not have the spectators, you don't have people from abroad coming. Some of the Japanese corporations also, because it became so controversial at home, did not run all of the ads that perhaps they were thinking. It is probably going to be red ink, and more red ink than originally anticipated. Clearly, this is one of the issues that people bring up when they discuss the merits of the Olympics. And I think it weighs heavily on other potential host cities.

Now, this is an Olympics like never before, David, because we have never had an Olympics during a pandemic. They are, of course, extraordinary circumstances that are making an already questionable financial proposition more of a clear case that, in terms of finances, is not going to be a winning project.

DOLLAR: One more interesting thing about these Olympics: since the Summer Olympics got delayed and we are in the middle of 2021, we are only going to have six months between the Tokyo Summer Olympics and the Beijing Winter Olympics. It's going to be natural to compare these two events. You have the two biggest economies in Asia: one of them, Japan, is a vibrant democracy. China is an authoritarian country. President Biden in particular has been emphasizing this competition between democracies and authoritarians. I wonder, does that storyline resonate in Japan?

SOLÍS: Let me start by noticing there has been a vast change in the geopolitical context. When Japan was first making its bid to bring the Olympics to Tokyo, Xi Jinping was just coming into power. And the United States has gone through very significant changes in its foreign policy in the years since. You have the years of the Trump administration, with all the turbulence that America First foreign policy was and with the skepticism of the president on alliances, now to a new direction in U.S. foreign policy with a Biden administration where there is a desire to repair alliances, to cooperate with democracies. Quite frankly, I think that one of the elements that President Biden is always emphasizing is that he sees a strategic competition as a test of the competence of democracies. And that is very important—that democracies show that they can tackle the most pressing problems that societies face today. This is evident from the relaunch of the Quad at the leader's level where they have taken on pandemic response and the supply of vaccines. Therefore, providing public goods has become very, very important.

It's interesting because given that the Olympics, as you noted, were delayed for a year, we are going to have the Summer Games and the Winter Games in close proximity. I'm not an Olympic history expert, but I am not sure that they have actually come that close in time before, because when you actually think about the events, it's not just the Olympics but the Paralympics that will end at the beginning of September in Japan and the Winter Olympics will launch in February in Beijing. We are talking about just a scant few months between the two games. Therefore, of course comparisons are going to be made about how the two largest Asian countries are going to be hosting these mega sporting events in the midst of the pandemic. What are the strengths and weaknesses that each of them brings to the table? Those comparisons will be made, and they will be made because they also now fall into a new focal point of geopolitical competition that when Japan initiated the bid obviously could not have been known.

Now, I think it's important to point out, David, that from the point of view of Tokyo, one very important diplomatic effort of the last year has been to win a vote of confidence from the world, from other world leaders, that Japan is competent enough to make good on its promise to have safe Olympics. So, you know, these have been important lines of effort with different international gatherings.

The G7, for example, the most recent one where these countries said that they supported Japan's decision to go forward. I think, quite frankly, that the main consideration for Japanese diplomats has not been the comparison with what China will do next and how well they'll do when they host their own Olympics, but it's about whether they receive that support, that endorsement, that they can host Olympics in a manner that is safe. But beyond the geopolitics, or beyond the framing of democratic or authoritarian models and how they deal with these challenges, what's most important is whether the Japanese government is able to keep its pledge to the Japanese public that it can host a safe and secure Olympics. I think that is what's most in the mind of residents of Japan and the government of Japan.

DOLLAR: The last topic I want to take up, Mireya, is the important issue of Japan-South Korea relations. The Olympics in general sometimes provide opportunities for diplomatic exchange—even breakthroughs. There had been talk about President Moon of Korea coming to the Olympics or having a summit in some close proximity to the Olympics that fell through. Should we read much into that? I guess the more general issue is, do you see prospects for improving what has been a tense, difficult relationship between two key U.S. allies, Japan and South Korea?

SOLÍS: It's a very important question. As you noted, David, the Olympics can provide a platform for diplomacy because it's an opportunity to host leaders from the world and try to achieve a breakthrough. Actually, in the last Winter Olympics that South Korea hosted, there was such a breakthrough because it provided a spark to reactivate diplomacy in the Korean Peninsula. It also in some way paved the way for these summits between Kim Jong Un and President Trump later on. Now, we can discuss whether those summits accomplished what they were supposed to accomplish or not. But clearly, the Olympics provided the spark.

Now, we don't expect that to happen in Tokyo because there will be very few foreign leaders. And there is a very noted absence, and that is of President Moon. There was a lot of back and forth between the two governments and eventually President Moon declined to attend. I do think this takes a temperature on the Japan-South Korea relationship. Unfortunately, I don't feel very optimistic about a major breakthrough or major improvement in relations between these two important Asian allies of the United States.

I do think that the Biden administration is correct in sending a strong message that repairing that relationship to facilitate trilateral coordination is very important because of all the challenges that we face in the region. But I feel that that is important in providing an incentive, in providing a nudge. Eventually, ultimately, it has to depend on the willingness of both Japan and South Korea to achieve an understanding and repair their fraught relationship.

I think that history weighs heavily here, David, but with very modern manifestations. One of the items that is creating a lot of friction between the two countries today has to do with court cases in South Korea about individual compensation for forced labor during the war. For a point of view of Japan, what this is doing is undermining the normalization treaty, which has been the foundation of postwar relations. From the point of view of many in Korea, because of democratization, they are having different views on whether this was the right postwar settlement. It's a very, very complex issue.

There have been economic tensions recently because of an export control dispute regarding chemicals that are very important for South Korean semiconductor manufacturing. What that has resulted in is somewhat of a weakening of the ties of economic interdependence. My final point is that I don't see any domestic politics in either country suggesting a major push. I don't think that the leaders in either country have the political capital to spend in repairing this relationship. As we noted, Prime Minister Suga is facing elections, he is coming in with a relatively weak position, and President Moon is ending his term next spring and South Korea is facing its own election for a new president. So, again, it doesn't seem that domestic politics align. Bringing this back to what does it mean that he will not attend the Olympics? It's discouraging because it feels like these two governments cannot even agree on whether they will have a meeting. And with that, that is going to be difficult to make progress in this really daunting challenge to repair what is a very important relationship in its own right and also for U.S.-Asia policy.

DOLLAR: I'm David Dollar and I've been talking to Brookings Japan Chair Mireya Solis, and for those of you enjoying the Olympic events I think Mireya has given us a wealth of background on Japan's politics, economy, international relations, to give you the context of what these Olympics mean for Japan. Thank you very much, Mireya.

SOLÍS: Thank you very much.

DOLLAR: Thank you all for listening. We'll be releasing new episodes of Dollar & Sense every other week, so if you haven't already, follow us wherever you get your podcasts and stay tuned.

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