

Crises weigh on global outlook as 2024 begins

Geopolitical shifts and pivotal elections lie on the horizon



Few years have begun with the palpable sense of foreboding that accompanies the arrival of 2024.

The carryovers from 2023 — war, intensifying geopolitical conflict, domestic political instability — are enough to depress the most committed optimist, yet there are events on the political calendar that can make things even worse.

That at least was my reflexive take on the year to come. But the more I pondered, the more this assessment, while widely shared, seems formulaic and incomplete. And, dare I say, superficial? There are many good reasons to be worried about 2024, but in many ways, the world looks like that of the day before. We should be prepared for what lies ahead. Not only can we identify and anticipate the “known unknowns,” but we have experience with them. Our collective problem doesn’t seem to be a failure of imagination so much as a lack of will.

Kent Harrington, a former CIA officer who shares his wisdom on Substack, warns that the key concept for 2024 is the “unexpected.” He then presents a long and persuasive list of threats and dangers — many of which mirror my own concerns — but the existence of the list and its similarity to so many others undercuts the notion that these are “unexpected.”

Horrible wars with global implications are being fought in Ukraine and Gaza, while civil wars and insurgencies rage in Iraq, Myanmar, Somalia, Syria, Yemen and throughout Africa. Those conflicts are often squeezed from the headlines by the two larger fights but they have claimed tens of thousands of lives and threaten wider instability.

In East Asia, tensions continue to grow across the Taiwan Strait and the presidential elections that will be held this month in Taiwan could bring them to a boil. Beijing’s

mounting frustration with the direction of Taiwanese politics is pushing the mainland government toward action that, even without intending to spark a conflict, could do so. While actual invasion is extremely unlikely, coercion alone could trigger a conflict with the West. Even the signaling of Beijing’s displeasure is cause for concern: The concentration of military assets in the region means there is ample opportunity for an accident or mishap that spirals into greater conflict.

Taiwan isn’t the only potential trigger. China’s expanding presence in the South China Sea spotlights the vulnerability that Japan feels, with 90% of its trade transiting that waterway. The standoff between Chinese militia and coast guard and the Philippines at the Second Thomas Shoal threatens daily to boil over, and the U.S. commitment to defend its ally means that any confrontation could quickly escalate.

China isn’t the only worry. North Korea is increasingly belligerent and ever-more capable of threatening neighbors and regional stability with a rapidly modernizing military. Russia would seem to have its hands full in Europe but it maintains the capacity to make mischief in the Indo-Pacific. Most significantly, Beijing, Moscow and Pyongyang share a desire to reshape regional dynamics in ways that favor their interests and disadvantage those of Japan — and appear ready to act in ways that would advance their ambitions.

Rising tensions occur in tandem with — fueling and fueled by — intensifying geopolitical competition, most principally between the United States and China, but that race is part of a larger struggle between status quo and revisionist powers over the nature of the global order. Contestants engage with varying degrees of anger and vigor, but international rules and organizations are experiencing unprecedented stress. International relations are more dynamic than ever, with countries looking for allies and partners in existing institutions or working to build new venues for them to express their preferences.

Those national choices are fluid, not fixed. Elections will be held throughout 2024 and their outcomes could have profound impacts on the trajectories and forces just identified. Here are three of the potentially most significant:

Taiwan’s presidential ballot, to be held in January, will pit the Democratic Progressive Party, which favors greater distance between

Taiwan and mainland China (its most extreme elements want independence), against the Kuomintang, or Nationalist Party, which prefers closer ties, if not eventual unification.

While the race is close, the DPP is currently favored and Beijing’s ruling Chinese Communist Party fears that its win will encourage supporters of independence. China’s powerful leader, Xi Jinping, has vowed to reunite Taiwan with the mainland and it is not clear how far he will go in pursuit of that objective or what he will do if he fears that goal is in jeopardy. Governments and businesses around the world are testing scenarios to explore how things could play out. In no case is the outcome a pleasant one.

In May, India, the world’s largest democracy, is expected to hold national elections. They will pit Prime Minister Narendra Modi’s Bharatiya Janata Party against a 26-party coalition. A win would confirm Modi’s status as the premier Indian leader of modern times; no predecessor has won three consecutive elections since 1962.

While that would give him the stature and strength to continue on the path that he has charted, departing, somewhat marginally from the path of strict nonalignment of the Cold War, Modi will always be fiercely committed to Indian independence and eschewing even the appearance of compromise with the West. This could benefit Japan as Tokyo in some ways is a more appealing partner than Washington. There is a danger though that a Modi win will free him to pursue a Hindu nationalist agenda, the outlines of which are already visible. This could unleash sectarian pressures in India, promoting instability and violence.

The most consequential election of 2024 will be the U.S. presidential contest in November, a vote that will likely again pit Joe Biden against Donald Trump. Trump has indicated that a second term would be like his first, but on steroids, driven by vanity, retribution and his mercurial nature. His disdain for alliances, admiration for authoritarians and contempt for existing norms and institutions threaten to upend the world.

Until that vote, U.S. politics will be paralyzed as internecine and partisan feuds play out. The failures to pass budgets and muster support for allies in Ukraine and the Middle East are a sign of what lies ahead.

In Japan, the political funding scandal that

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In 2024, Prime Minister Fumio Kishida will have to address calls for transparency and accountability for politicians amid a widening scandal. 1/1

PM faces myriad challenges in ’24

Scandal, economic policy and LDP race to top agenda for Kishida

GABRIELE NINIVAGGI
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Japan’s political world might reach a tipping point in 2024.

With the end of last year marked by the funding scandal engulfing the upper echelons of the ruling Liberal Democratic Party, in the first half of this year the administration of Prime Minister Fumio Kishida will have to address rising calls for greater transparency and accountability for politicians.

In the upcoming session of parliament, slated to start later this month and last until early summer, the spotlight will be on the revision of legislation regulating political-funding practices.

In the face of deepening mistrust of the country’s leadership, both ruling and opposition parties have shown a forward-looking

attitude regarding a reconsideration of current regulations.

The LDP is set to undergo its most radical restructuring in decades amid the ongoing investigation into the funding scandal. With the faction once led by former Prime Minister Shinzo Abe in profound disarray because of its outside role in the scandal, many of its lawmakers will be searching for a new home, either inside or outside the party.

At the same time, some veterans currently outside of the government or the party leadership might turn the current crisis into an opportunity for a comeback, while a new generation of younger lawmakers largely unscathed by the scandal might come to the fore, prompting a generational shift in the party.

The response of the LDP leadership — especially its two new members, policy chief Kisaburo Tokai and parliamentary affairs chief Yasukazu Hamada — will help gauge the party’s commitment to reform.

The desire to clean up the party’s image might spur momentum for cross-party collaboration on the establishment of new standards for the funding of the country’s

elected representatives. The opposition will likely welcome the ruling party’s overtures on this front.

Late last month, the parliamentary affairs chiefs of five opposition parties — the Constitutional Democratic Party of Japan (CDP), Nippon Ishin no Kai, the Democratic Party for the People, the Japanese Communist Party and Reiwa Shinsengumi — expressed their intention to collaborate on a potential revision of related legislation in the upcoming session of parliament.

Therefore, this year will mark another test for the opposition after years of fragmentation and mutual antagonism. Will the parties — especially the CDP and Nippon Ishin — make the most out of this chance to raise their profile with voters and lay the groundwork for broader cooperation?

The Political Funds Control Act, initially enacted in 1948 under the American Occupation, has been amended several times by lawmakers, without direct intervention by the government, to curb the influence of business in politics.

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Generative AI could speed up digital transition

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When Japanese business mogul Masayoshi Son, who founded SoftBank Group, took the stage at his firm’s event in October, he spoke passionately about the boom in generative artificial intelligence, and asked a question: “Please raise your hand if you use ChatGPT almost every day for work?”

Seeing that the people who did less than 10% of the audience, Son castigated the remainder: “This is bad! If you didn’t raise your hand, you should be repentant and rethink your life.

“Whether you like it or not, the AI revolution will come,” Son said, adding that he has been heavily using the chatbot developed by OpenAI.

Generative AI stole the show in the tech sector in 2023, with Son and many business leaders touting it as the next big thing, urging people to get onboard with the technology to avoid being left behind.

In Japan, both the public and private sectors have been somewhat slow to make progress on using digital technology to boost



Municipal officials in Yokosuka, Kanagawa Prefecture, use ChatGPT as they work at city hall in June. KYODO

productivity and transform business models, but the rise of generative AI may be impetus for them to play catch up.

In a report about Japan’s strategy for its digital industries released in June, the Ministry of Economy, Trade and Industry said that — amid the rise of generative AI, quantum computing and other game-changing technologies — now is the “last chance” for the nation’s industries to realize a digital transformation.

“Being left out from this trend would be an existential matter,” the report said.

In recent years, “digital transformation” has been a buzzword, with the use of AI being one of the key aspects.

“But in my view, the progress has been slow in terms of effectively integrating it into daily operations,” said Shimpei Miyoshi, partner at PwC Consulting, who is well-versed in data analytics and AI.

One of the reasons for the limited steps forward has been Japan’s conservative corporate culture, which is risk-averse and engenders caution about new tools such as AI, Miyoshi pointed out.

Before generative AI rose to prominence, AI was only used by a small pool of data scientists and engineers, since its processes and logic were too complicated for people who weren’t tech savvy to understand, he said. For instance, even if companies produced sales projections or marketing strategies using AI, decision-makers were doubtful of the results because it was difficult to explain how such conclusions had been reached.

As for generative AI, many firms initially

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