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ABENOMICS AND ITS REGIONAL DIMENSION

Lluc López i Vidal, Lecturer in International Relations at the UOC and UAB

The announcement made by the prime minister of Japan, Shinzo Abe, of a snap election mid-way through the term of a parliament in which he holds the absolute majority of the seats took nobody by surprise. Since Japan's ministry of economy revealed that it had technically entered recession, all the analysts have pointed to the need to hold new elections and ask the citizens whether they endorsed Abe's economic policy, popularly called "Abenomics". But what is Abenomics? And what are its consequences for the Asia-Pacific economy?

The overwhelming victory of Shinzo Abe in the 2012 elections brought the Liberal Democratic Party (LDP) back to power after three years of government by the Democratic Party of Japan. And while the initial expectations for Abe were not particularly encouraging, following the presentation of his new economic policy his popular support figures have grown to the extent of making him one of the most highly-rated prime ministers of recent decades. For some, Shinzo Abe is the leader Japan needs to once more make it a first-class political and economic power.

At the presentation of his mandate's star policy, the prime minister defined Abenomics as a strategy for returning economic growth that is based on three arrows, according to the Japanese proverb that says that three arrows united cannot be broken. With help from the Bank of Japan, Abe has decided to put in place a hyper-expansionist monetary policy that aims to double the monetary base in 2015 and, as a result, reach the much-desired goal of 2% inflation. For Abe, managing to create inflation would be a sign that consumption is being reactivated and people have started to believe in the country again. The second arrow is an expansive fiscal policy, exactly the opposite of the remedy being applied in Europe. This Keynesian policy of stimulating demand via public works and infrastructure-building is intended to increase investment, create jobs, raise salaries and, thereby, consumption. Lastly, the third arrow focusses on structural reforms that are meant to increase the country's competitiveness, such as deregulation of the labour market, revitalisation of Japanese industry and entry to the Trans-Pacific Partnership (TPP), a multilateral free-trade agreement with the United States and other partner countries such as Singapore and Mexico. It is precisely this third point that has generated the greatest controversy, given that membership of the TPP would bring about job losses in the until now overprotected Japanese agricultural sector, which is traditionally a rich source of votes in rural areas for the

PLD, and which has been protected with tariffs on imported rice of 800%, 380% on sugar, and 252% on flour, as well as burdensome subsidies and agricultural price controls for farmers.

Although Japanese farmers are determined to declare war on the prime minister if agriculture is liberalised, Abe is convinced that the TPP and a yen that in recent months has fallen by more than 50% in relation to the dollar will help Japanese businesses to export to these markets. According to Japanese government calculations, Japan's eventual participation in the TPP would augment GNP by 0.7% in the space of a decade. Given these tentative benefits, and the great electoral cost of the potential loss of the farmer's votes, what, then, has motivated the government to take this step, gradually giving up on protecting its agricultural sector, and liberalising its economy?

The significance of the TPP should be measured not only in terms of economic impact, but as part of a national strategy of great political and diplomatic importance. As well as representing a strategy that is oriented to exporting more in an economy that remains mercantilist, it is a real regional and global commitment. First of all, opening the economy up to the importation of agricultural products means moving closer to approving an eventual free trade agreement between China, Japan and South Korea that complements the TPP. Only a few weeks after announcing the beginning of the TPP negotiations, Japan, China and South Korea also opened trilateral meetings in order to reach a free trade agreement. Further, in a meeting with Herman Van Rompuy and José Manuel Barroso, Abe showed how important it was for both parties to agree on the Economic Partnership Agreement (EPA) between Japan and the EU.

So, in approving the TPP, Japan would join forces with the United States in order to set the rules on regional and global trade. But it would also allow it to boost economic cooperation projects in an effort to build a more autonomous foreign policy that is less dependent on the US and better suited to counteracting the unstoppable rise of China. Japan is not seeking hegemony in the area but is looking to survive in an environment where the dynamics remain Westphalian and of competition for power. However, their efforts to convert themselves into a post-Westphalian country is tantamount to the "normalisation" of their foreign policy, and, for the Japanese authorities, this means playing an essential role in the international system again.