

The Political Economy of the Abe Government and Abenomics Reforms

This volume seeks to explain the political economy of the Abe government and the so-called “Abenomics” economic policies. The Abe government represents a major turning point in postwar Japanese political economy. In 2019, Abe became the longest serving Prime Minister in Japanese history. Abe’s government stood out not only for its longevity, but also for its policies. Abe came to power promising to reinvigorate Japan’s economy under the banner of Abenomics. He pursued a host of structural reforms and industrial promotions to increase Japan’s potential growth rate. Abe also achieved important legislative victories in security policy. However, the government also faced significant controversies. The book will hold appeal to scholars and students specializing in the study of Japanese politics, comparative political economy, the politics of contemporary advanced democracies, macroeconomic policy, labor market reforms, corporate governance, gender equality, agricultural reforms, energy and climate change, and East Asian security.

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The Political Economy of the Abe Government and Abenomics Reforms

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In memory of Masahiko Aoki

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More Rules: Regulatory Reform in Advanced Industrial Countries (Cornell University Press, 1996), won the Masayoshi Ohira Memorial Prize. He has been a columnist for *Newsweek Japan* and the *Asahi Shimbun*, and he has worked as a reporter for the *Japan Times* in Tokyo and as a freelance journalist in France. He has a BA from Princeton University and a PhD in political science from the University of California, Berkeley.

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This book is the result of two conferences that we organized when we were colleagues at the Shorenstein Asia Pacific Research Center (S-APARC) at Stanford University. The first conference was held in February 2018; the second was in March 2019. We felt lucky to work with so many top researchers in the field of Japanese political economy. We thank all the authors, who provided excellent analyses of various aspects of the political economy of Japan under the Abe administration. Many authors attended both conferences and contributed to active discussion in addition to writing up their own chapters.

The project benefited tremendously from participants who contributed to the conferences as discussants. They include Seung Cho, Saori Katada, Yong Suk Lee, Huiyu Li, Kenneth McElwain, Curtis Milhaupt, Yuhei Miyauchi, Thuy Lan Nguyen, Kathryn Russ, Dan Smith, Rob Weiner, Scott Wilbur, Yu Jin Woo, and John Zysman. Our project also received excellent feedback from participants at the 2018 Yale Workshop on Japanese Politics and Diplomacy, organized by Frances Rosenbluth, and two faculty seminars organized by our colleagues at S-APARC in 2018 and 2019. We also thank the anonymous reviewers for their helpful suggestions.

The two conferences that led to this book were part of the Stanford Juku in Political Economy, which we inaugurated in 2013 to promote scholarship and foster a sense of community among scholars who study Japan. We have been delighted to see the Juku inspiring similar initiatives by past participants. This book continues a long tradition of collaborative work on contemporary Japan convened at S-APARC, including most recently *Political Change in Japan: Electoral Behavior, Party Realignment, and the Koizumi Reforms* (Brookings Institution, 2009), by Steven Reed, Kenneth McElwain, and Kay Shimizu, and *Japan under the DPJ: The Politics of Transition and Governance* (Brookings Institution, 2013), by Kenji Kushida and Phillip Lipsky.

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This book is dedicated to the memory of Masahiko Aoki, who was our esteemed colleague at Stanford University. His work on economic theory, comparative institutional analysis, and the Japanese political economy is very well known. His class on the Japanese economy at Stanford attracted and inspired many students, including a younger version of one of us (Lipscy). When a group of us sought to revive Japan studies at S-APARC by establishing the Japan Program in 2011, he assumed early leadership as founder. He was a dear friend, mentor, and colleague. Masa Aoki was one of the pioneers who created the study of the Japanese political economy as we know it today. Although we started this project after he had passed away, we hope our work sits well with the intellectual trajectory that he originated.

Abbreviations

AI	artificial intelligence
APCs	agricultural production corporations
ASEAN	Association of South East Asian Nations
AWF	Asian Women's Fund
BOJ	Bank of Japan
CDPJ	Constitutional Democratic Party of Japan
CEFP	Council of Economic and Fiscal Policy
CEO	chief executive officer
CGC	Corporate Governance Code
CLB	Cabinet Legislation Bureau
CNN	Cable News Network
CO ₂	carbon dioxide
COVID	coronavirus disease
CPI	Consumer Price Index
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CRRA	constant relative risk aversion
CSD	collective self-defense
CWNC	company with nominating committee
DARPA	Defense Advanced Research Projects Agency
DPJ	Democratic Party of Japan
EEOL	Equal Employment Opportunity Law
EPA	Economic Partnership Agreement
ETF	exchange-traded fund
EU	European Union
FDI	foreign direct investment
FIES	Family Income and Expenditure Survey
FIT	feed-in tariff
FLCBs	farmland consolidation banks
FOIP	Free and Open Indo-Pacific
FTA	Free Trade Agreement

G7	Group of Seven
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GPIF	Government Pension Investment Fund
ICT	Information and Communications Technology
ILO	International Labour Organization
IMF	International Monetary Fund
INDEC	Intended Nationally Determined Contributions
IoT	Internet of Things
IPOs	initial public offerings
ISS	Institutional Shareholder Services
IT	information technology
J-NSC	Jiminto (Liberal Democratic Party) Net Supporters Club
JA	Japan Agricultural Cooperatives
JANE	Japan Association of New Economy
JCG	Japan Coast Guard
JILPT	Japan Institute for Labor Policy and Training
JIP	Japan Industrial Productivity
JGBs	Japanese Government Bonds
JMA	Japan Medical Association
JSC	Japanese Stewardship Code
JSDF	Japan Self-Defense Forces
JSP	Japan Socialist Party
KPIs	key performance indicators
LCC	low-cost carriers
LDP	Liberal Democratic Party
MAFF	Ministry of Agriculture, Forestry and Fisheries
M&A	mergers and acquisitions
METI	Ministry of Economy, Trade, and Industry
MHLW	Ministry of Health, Labor and Welfare
MOE	Ministry of the Environment
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
MP	Member of Parliament
MTDPs	Medium-Term Defense Programs
NATO	North Atlantic Treaty Organization
NDPG	National Defense Program Guidelines

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NEDO	New Energy and Industrial Development Organization
NIH	National Institute of Health
NIPSSR	National Institute of Population and Social Security Research
NISA	Nuclear and Industrial Safety Agency
NRA	Nuclear Regulatory Authority
NSC	National Security Council; Nuclear Safety Commission
NSF	National Science Foundation
NSS	National Security Secretariat
OECD	Organisation for Economic Co-operation and Development
PARC	Policy Affairs Research Council
PAYGO	pay-as-you-go
PFG	Party for Future Generations
PM	prime minister
PPP	purchasing power parity
PR	proportional representation
QQE	quantitative and qualitative easing
R&D	research and development
ROA	return on assets
ROE	return on equity
SMD	single-member district
SMEs	small and medium-sized enterprises
SNTV-MMD	single nontransferable vote, multimember district
SRJE	Secretariat for the Revitalization of the Japanese Economy
STOVL	short take-off and vertical landing
TEPCO	Tokyo Electric Power Company
TFP	total factor productivity
TLOs	Technology Licensing Offices
TPP	Trans-Pacific Partnership
TSE	Tokyo Stock Exchange
UN PKO	United Nations Peacekeeping Operations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change

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List of Abbreviations

US/USA	United States of America
VAT	value-added tax
VAR	vector auto regression
VC	venture capital