

“Abenomics” & the Future of the Japanese Economy

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By Japan SPOTLIGHT Editorial Section



Cover lead

After two lost decades, the Japanese economy finally seems to be heading for a consolidated amelioration. All the recent statistics — such as GDP, IIP, CPI, unemployment rate, private investment, etc. — are beginning to indicate a business recovery from a deflationary state. “Abenomics” (Prime Minister Shinzo Abe’s economic policies) consisting of three arrows — a significant loose monetary policy with inflation targeting, a stimulating fiscal policy and a growth strategy through structural reforms — is working well. We can even see a positive spillover effect upon the rest of the world.

In this issue, a distinguished economist and one of the creators of Abenomics, Dr. Takatoshi Ito, provides an outline of Abenomics and assesses its early success and prospects. We then offer the views of two overseas experts and those of three Japanese macroeconomists on the short-term prospects for the Japanese economy based upon their own assessments of Abenomics.

It is noteworthy that Abenomics has gained high marks among some overseas analysts, including those at the OECD, though occasionally they have been the severest critics of Japanese macropolicy.

It is important today for Japanese businesses and economists to monitor price changes following the introduction of so-called inflation targeting. Prof. Kota Watanabe’s article introduces the UTokyo Daily Price Index which tracks changes in prices on a daily basis, a unique development since the introduction of inflation targeting.

Whether Abenomics will be ultimately successful or not depends

upon its third arrow, the growth strategy. After my brief introduction to the recently announced growth strategy by the Abe administration, we focus on topics crucial to its success, such as trade liberalization symbolized by the participation of Japan in the TPP negotiations, achieving gender equality in Japan to take full advantage of women as invaluable resources for economic growth, and the potential of the medical and healthcare industry.

In addition, former Minister of State for Gender Equality and Social Affairs Kuniko Inoguchi discusses the prospects for gender equality in the workplace in Japan in an interview, while the importance of free trade as a growth strategy for Japan is highlighted in a TPP address by New Zealand Trade Minister Tim Groser to the Japanese press in cooperation with the New Zealand Embassy in Tokyo.

Structural reforms for growth strategy are necessary not only for the government but also for the business community. Our interview with a Japanese business leader, Tsunehiro Watabe, chairman & CEO of CVC Asia Pacific Japan Ltd., discusses what reforms would be necessary for the corporate world to improve its performance.

Finally, we highlight necessary reforms of agriculture in Japan in preparation for trade liberalization in a special article by Dr. Kazuhito Yamashita, a leading agriculture policy expert. This can be considered as another kind of recommended growth strategy.

Naoyuki Haraoka, executive managing director, editor-in-chief of *Japan SPOTLIGHT*

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