

REVIEW ESSAY

The Domestic Political Economy of Japan's New Goeconomic Strategy

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Abstract

Japan has long strived to acquire a more influential voice in trade negotiations but failed because of the lack of decisiveness rooted in the resistance from those who have vested interests. However, a series of domestic reforms undertaken since the 1990s have made it possible for Japan to play a leadership role in the new rulemaking of international trade. After the Trump administration withdrew the United States from the Trans-Pacific Partnership, Japan took the initiative to conclude a new agreement called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. How have domestic factors pushed Japan to step up as a new leader in the rulemaking of international trade? How have the economic rise of China and the relative decline of US hegemonic power impacted Japanese domestic politics and economics? What implications do Japan's new roles have for the security and prosperity of the Asia-Pacific region? By exploring empirical evidence drawn from five new books, we argue that the commitment to domestic economic reforms has enabled Japan to play a leadership role in the rulemaking of the international economic order.

Keywords: domestic politics of foreign policy; economic reform; goeconomics; global value chains; international political economy; Japan; trade politics; Trans-Pacific Partnership

The Iconoclast: Shinzō Abe and the New Japan By Tobias S. Harris. London: Hurst & Company, 2020. 456 pp. \$15.78 (cloth).

Japan's New Regional Reality: Goeconomic Strategy in the Asia-Pacific By Saori N. Katada. New York: Columbia University Press, 2020. 319 pp. \$35.00 (paper).

Betting on the Farm: Institutional Change in Japanese Agriculture By Patricia L. Maclachlan and Kay Shimizu. Ithaca, NY: Cornell University Press, 2022. 228 pp. \$29.97 (cloth).

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The Business Reinvention of Japan: How to Make Sense of the New Japan and Why It Matters By Ulrike Schaede. Stanford: Stanford University Press, 2020. 261 pp. \$29.08 (cloth).

Dilemmas of a Trading Nation: Japan and the United States in the Evolving Asia-Pacific Order By Mireya Solís. Washington, DC: Brookings Institution Press, 2017. 283 pp. \$34.99 (cloth).

Japan has long been the most important ally of the United States in East Asia, and it is widely viewed in Washington as a pillar of stability in the Asia-Pacific region. The country's trajectory has been one of dazzling heights and dizzying falls. After World War II ended, Japan quickly evolved to become a US partner in preserving the post-war international economic and political system, continuing this role well into the twenty-first century. Even while Japan acted as America's security partner in the Asia-Pacific, during Japan's miracle-growth years there was talk of Japan surpassing the United States as the world's largest economy (Naughton 2018, 7–12).¹ Japan grew at an average rate of 10.4 percent for 23 years between 1950 and 1973. However, growth dropped sharply after 1973, and since then Japan's growth rate has never been above six percent. While up until the 1990s the United States was concerned that Japan's prowess in manufacturing would lead to the deindustrialization of the United States, for the last three decades the United States has worried that economic stagnation in Japan could bring the global economy to a grinding halt. The "lost" three decades of the Japanese economy since the 1990s have prompted a collective turn away from Japan, and a general agreement has emerged that the days of Japan acting as an important world power are over.²

Although the Japanese economy is still stagnating and sluggish—with the recent COVID-19 pandemic only exacerbating its issues—and the fundamental problems rooted in a rapidly aging society have yet to be resolved, Japan is far from a waning power, rather it is what Mireya Solís (2020) calls an "underappreciated power." Solís points out that Japan has successfully adjusted to the new geopolitical and economic reality by staying away from the populist backlash to globalization, leading free trade agreements (FTAs), and (so far) maintaining the positive-sum economic partnership with China while the United States has framed its relationship with China as a zero-sum battle. In other words, now that the rise of China has pushed Japan to face a new security reality in the Asia-Pacific region, Japan has become a leader in new regional FTAs and, more broadly, the liberal international order as a response to the new geopolitics of the changing power structure.

Five new books demonstrate how Japan has conformed to the rules of engagement in the new geoeconomics by committing to domestic economic reforms—although much remains to be done. Even while Japan was written off by the rest of the world as a middling power, important changes were taking place domestically. In *Betting on the Farm*, Patricia Maclachlan and Kay Shimizu show that a series of domestic political reforms in the 1990s significantly weakened the relationship between Liberal Democratic Party (LDP) politicians and the agricultural interest group, Japan Agricultural Cooperatives (JA: *Nōkyō*). In the meantime, as Ulrike

Schaede suggests in *The Business Reinvention of Japan*, the Japanese companies that powered Japan's miracle economic growth began branching out of Japan, establishing global value chains (GVCs) for foreign direct investment (FDI) throughout the Asia-Pacific region. With the stagnation of the World Trade Organization's (WTO) negotiations in the early 2000s, businesses began pushing the Japanese government to enter regional FTAs, not only lowering tariffs but also stipulating international rules of domestic regulations to protect their assets of GVC-based FDI. Saori Katada (*Japan's New Regional Reality*) and Mireya Solís (*Dilemmas of a Trading Nation*) contend that empowered business interests and weakened agricultural vested interests changed the dynamics of domestic politics of Japanese foreign economic policy and formed the basis of domestic support for Japan's leading role to conclude the Trans-Pacific Partnership (TPP) and other FTAs.

An important figure in all five books was Abe Shinzō, during his second term as prime minister from 2012 to 2020.³ During his eight years in office, Abe proposed the Free and Open Indo-Pacific (FOIP), a grand strategy where Japan plays a vital economic and security role in the region.⁴ Although Japan stepped up as a new leader in rulemaking of international trade during the Abe administration, the biography of Abe written by Tobias Harris shows that it was not due to personal charisma; instead, domestic institutions were available for him to become a global statesman with the foundation of Japan's grand strategy like the FOIP and concluding the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) when the Donald Trump administration withdrew the United States from the TPP. In a nutshell, the FOIP aimed to create a coalition of democracies in the region all in favor of a rules-based liberal international order. Thus, it was not just an FTA but a much wider conception of Japan's offshore balancing strategy. However, this grand strategy required a particular configuration of domestic reforms. In other words, it is one thing to announce a grand strategy such as the FOIP, but domestic institutional adjustments are required to build public support for the grand strategy.

In this review essay, we argue that Japan was able to pull off its leadership role in the CPTPP and the FOIP because a series of institutional and administrative reforms undertaken since the 1990s permitted greater executive leeway and hence made it possible for the Abe administration to be committed to the particular economic reforms like Abenomics that had the effect of facilitating negotiations over trade. The economic rise of China was the catalyst that gave Japan an incentive to play a leadership role in the liberal international order, but it was domestic institutional reformism that made it possible for Japan to effectively respond to China's rise through the changes in economic policy.⁵ In the 1990s, Prime Minister Hashimoto Ryūtarō made several administrative reforms to the then underutilized and decentralized prime minister's office, giving whoever was in office more authority and making the position more autonomous from bureaucracy. Previously, electoral reform had also been achieved in 1994, weakening the relationship between LDP politicians and traditional interest groups like JA. Taking advantage of the administrative and electoral reforms from the 1990s that had given the wider leadership role to the prime minister, Prime Minister Koizumi Junichirō further undermined the vested interests in traditional LDP politics in the early 2000s, which slowly began to be overshadowed by business interests.

Japan made those domestic changes in response to internal problems. However, when Abe started his second term in 2012, concerned with the economic rise of China and the relative decline of US hegemonic power, he realized that a security-based grand strategy necessitated complementing it with revitalizing the domestic economy, which in turn would require his economic reform plan, Abenomics. The commitment to domestic reform enabled Japan to take regional leadership in negotiations over trade. As more international economic interactions relied on GVC-based trade, the focus on trade negotiations had shifted from national border measures such as tariffs to domestic regulations, and hence Japan needed to commit to domestic economic reforms to lead such trade negotiations. By strengthening Japan's reformist position, Abe hoped to legitimize Japan's leadership position and create further incentives for regional cooperation. He then pursued more involvement in the Asia-Pacific region by concluding FTAs, starting with limited bilateral agreements before gradually increasing the scope and reach across industries, which would culminate in Japan playing the leadership role in concluding the CPTPP even after Trump withdrew the United States from the agreement.

In this review essay, we examine how Japan has been pursuing a grand strategy of national security and economic prosperity which has required domestic reforms and structural change to effectuate it. The five books under review all uniquely demonstrate how the interactions between domestic politics and international relations have formed Japan's new geoeconomic strategy. Each book has much to say about how domestic factors have pushed Japan to step up as a new leader in the evolving new liberal international order in the Asia-Pacific region, how the rise of China and the relative decline of US hegemonic power have impacted Japanese domestic political economy of grand strategy, and what implications Japan's new roles have for security and prosperity in the Asia-Pacific. While the authors' analyses are occasionally at odds and there are different shadings of emphasis among them, there is consensus on one point: Japan is an indispensable ally vital for the United States to manage the rise of China in the new regional reality of the Asia-Pacific. By exploring empirical evidence drawn from these five books, we argue that the commitment to domestic economic reforms has enabled Japan to play a leadership role in the rule-making of the international economic order.

China's rise and Japan's response to the new globalization

Japan began the twenty-first century amid a stagnant growth phase that had already lasted a decade since the economic bubble burst in the early 1990s. Responding to the banking crisis of 1997–1998, the Bank of Japan took fevered measures such as lowering its interest rate to zero (called the “zero interest rate policy” (ZIRP)) in 1999 and easing monetary policy by purchasing assets and providing liquidity to the market (known as “quantitative easing” (QE)). However, both ZIRP and QE were proven to be ineffective by 2003 (Ito and Hoshi 2020, 535–541). Japan continued to have stagnant growth because it failed to undertake meaningful domestic economic reforms to override vested interests and foster productivity. As a result, although striving to be influential in trade negotiations, Japan was virtually inactive and a passive follower in the international trade system, relying on customarily strong ties with the United States.

Meanwhile, China's economic rise became evident in the 1990s. Although Japan was not overtaken by China as the world's second-largest economy until 2011, with Japan's growth rate at nearly zero and China being one of the fastest-growing economies in the world, the writing was on the wall far before 2011. Solís emphatically asserts that China's rise has given Japan a strong incentive to play proactive roles in international trade negotiations, writing: "At a time when Japan is concerned about being overshadowed by a rising China, and when its reliance on foreign markets as sources of growth will only increase ... getting trade policy right has never been more important" (p. 1). In other words, China's rise no doubt strengthened Japan's commitment to reinventing business and tackling structural reforms to foster international competitiveness in an increasingly globalized world. In the meantime, while Brad Glosserman (2019) contends that Japan has given up reformism, we argue that the country's continual incremental domestic reforms have made it possible for Japan to take the leadership role in the rulemaking of international trade.

Although the Japanese economy was stagnating, there was still a growing network of Japanese companies expanding their GVCs in the Asia-Pacific region. Since the 1990s, manufacturers have been procuring parts produced beyond national borders, GVCs of multinational corporations have spread all over the world, and different stages of manufacturing production located in different countries have become commonplace, which Richard Baldwin (2016) calls the "New Globalization." The development of GVCs in the Asia-Pacific over the last two decades has brought a new international division of labor between developed and developing countries, which includes both authoritarian and democratic countries (Kimura 2013; Yeung 2016). Under this division of labor, components, parts, and intermediate goods are manufactured in several countries, assembled elsewhere, and then exported to global markets. China's economic rise since the 1990s has occurred under the New Globalization. In her previous book, Ulrike Schaeede (2008) noted that Japanese companies focused on core areas and spun off unrelated businesses—which she defined as "choose and focus" (*sentaku to shūchū*) strategies—in the early twenty-first century. Since then, Japanese producers have concentrated on high value-added, upstream stages of the GVC-based international division of labor.

The Asian market was growing well before the 1990s with a flurry of imports and exports throughout the region by Japanese general trading companies (*sōgō shōsha*), as less developed economies in Southeast Asia such as Indonesia, Malaysia, the Philippines, Thailand, and Vietnam began participating in the manufacturing process for Japanese producers.⁶ However, since the 2000s general trading companies have shifted the center of their businesses from trade to FDI and GVC-based trade in East Asia has significantly increased. Katada shows that intraregional trade (both exports and imports) within emerging and developing Asia expanded from seven percent in 1985 to approximately 20 percent of the share of world trade in 2018, and it was because of the emergence of the regional GVCs led by Japanese firms (pp. 60–61). The Japanese government began to see value in opening its markets, and starting with Singapore, slowly expanded bilateral FTAs. As Solís puts it, "Japanese trade officials broke the long-standing taboo over negotiating preferential trade agreements in the late 1990s" (p. 129). However, as the negotiation process of the WTO stalled in the 2000s, many nations in the Asia-Pacific region concluded

FTAs without Japan, and “there was serious concern among Japan’s trade stakeholders that Japan would play a marginal role in the ever-growing surge of preferential trade agreements” (p. 135). By 2014, Japan had concluded 14 FTAs, which covered only 22 percent of Japan’s total trade, far behind both developing countries such as Mexico (82 percent) and Malaysia (63 percent) and developed countries like South Korea (40 percent) and the United States (40 percent) (pp. 18–19).

However, it was the TPP that gave Japan the opening to dramatically increase the proportion of their trade covered by FTAs. Because WTO negotiations had stalled for a decade, by the time Japan announced its participation in the negotiation of the TPP in March 2013, nations in the Asia-Pacific region—both developed and developing—had shifted the focus on their trade policies from negotiations in the WTO to those in regional FTAs. The TPP was expected to play an important role in rulemaking for further development of GVCs in the Asia-Pacific. Prime Minister Abe, cited by Harris, fully supported the agreement in his policy speech to the Diet in January 2016: “The TPP is truly a grand plan for the long-term future of our nation” (p. 260). When President Trump withdrew the United States from the TPP immediately after his inauguration in January 2017, Japan took the initiative to conclude the new agreement called “TPP 11”: that is, the same set of rules agreed upon by the original 12 signatories but not requiring US participation. Despite the departure of the United States, every remaining country resumed negotiations under Japan’s leadership. Even without the economic might of the United States, the TPP—which was signed in March 2018 and went into effect at the start of 2019 as the CPTPP—has inspired a host of other FTA negotiations. Japan and the European Union referred to the TPP’s agreed rules to craft the Japan-EU Economic Partnership Agreement, which was signed in July 2018 and took effect in February 2019. The renegotiation of the North American Free Trade Agreement also used the TPP’s agreed rules as a benchmark to conclude the United States–Mexico–Canada Agreement (USMCA). As a result, many provisions in the USMCA were lifted directly from the TPP even though Trump criticized the TPP and praised the USMCA. Japan, for the first time, led trade negotiations to conclude an FTA without US participation. This marked a new era for Japan on the international stage and shows a remarkable shift in Japanese foreign policy never seen before.

Japan’s domestic economic reform and new geoeconomic strategy

How did Japan go from a follower to a leader in the rulemaking of international trade for the last two decades along with the proliferation of GVCs? We argue that the institutional and administrative reforms from the 1990s had materialized the domestic economic reforms that began at the turn of the century, which would allow the Japanese government to pursue the FTAs in the 2010s. The spread of GVCs empowered internationally competitive corporations while the administrative and electoral reforms in the 1990s weakened the influence of protectionist agriculture. Thus, when the balance of power between the vested interests of pro-trade businesses and anti-trade farmers changed, domestic institutional reforms enabled the prime minister to commit to trade liberalization when responding to the change in vested interests, which would give the government room to negotiate reciprocal economic

deals with as many countries as possible and casting a wider net of alliances across regions, including places where bilateral deals were difficult.

Japanese businesses have responded and adapted to the rise of reformism. As described by Schaede, “deregulation and the rewriting of most of Japan’s domestic business laws combined with the emergence of competitors in South Korea and Taiwan, the globalization of supply chains, and finally the rise of China ... annihilate[d] Japan’s postwar business model of exporting well-made consumer goods” (p. 8). Schaede argues that Japan’s leading companies have slowly repositioned their business models to adapt to the economic rise of China and supply-chain globalization by shifting from high-value-added business-to-consumer manufacturing to even higher-value-added business-to-business manufacturing, which requires high-skilled labor and technological expertise that lend Japan deep competitive advantage (chapter 4). This wave of “choose and focus” strategies concentrating on higher value-added, upstream parts-supplying stages of production has shifted Japanese industry from “Made in Japan” to “Japan Inside” (pp. 76–81). “Japan Inside” relies on high-tech materials and specialty chemicals being exported from Japan for use in products like automation equipment, automobiles, and cell phones. The highly technical intermediate parts are assembled in South Korea and Taiwan and the end parts are assembled in China, but crucial inputs come from Japan. Schaede calls Japan’s position in this new international division of labor in GVCs the “aggregated niche” (pp. 78–80). Companies have consolidated their “aggregated niche” positions by taking the “choose and focus” strategy. Here we see why support for FTAs grew in the business sector: businesses wanted to take advantage of lower import-export costs and further expand their GVCs.

Although the business sector was quickly warming up to the idea of FTAs, the Abe administration still had to listen to the anti-trade voice. The agricultural sector, and the interest group JA specifically, remained staunchly protectionist and became the most vocal opponent to the rulemaking of GVC-based international trade, especially the TPP. The group’s political power was not rooted in its economic competitiveness but based on its collusive organizational structure (Maclachlan 2014). The JA was notorious for its strong collusive relationship with politicians during the period of LDP dominance. It functioned as an electoral machine of the LDP by systematically gathering the vote behind individual politicians while pressuring the LDP politicians who had strong collusive relations with JA to defeat or weaken reformist efforts to adapt agriculture to the new economic conditions brought by urbanization and globalization. The bureaucracy (i.e., Ministry of Agriculture, Forestry, and Fisheries [MAFF]) maintained its strong influence by coordinating the relationship between LDP politicians and JA.

However, Maclachlan and Shimizu underscore a growing wave of reforms coming from both inside and outside of JA, which have slowly transformed the agricultural sector in Japan and made JA more susceptible to the Abe administration’s demands to reform and open. Although the TPP negotiation seemed to be over opening the Japanese agricultural market, Maclachlan and Shimizu (2016) argued in their earlier article that Japanese agricultural reform was motivated by the *domestic* necessity for reform. In their new book, under review in this essay, they show that Japanese agriculture had been in crisis long before TPP negotiations started (pp. 52–57). This is

due to the notable change in the agricultural sector: the aging population of farmers leading to the more ominous problem of a successor shortage. As Yamashita Kazuhito (2014), an agricultural specialist in Japan, notes: Japanese agricultural production decreased from 11.7 trillion yen in 1984 (the highest ever) to 8.2 trillion yen in 2011, 60 percent of farmers were older than 65 years of age in 2010 (up from 10 percent in 1960), and 400,000 hectares of farmlands were abandoned by 2010.⁷

Maclachlan and Shimizu suggest that “Japanese farmers are rapidly aging—and at a rate much faster than that of the general population ... causing the successor shortage” (pp. 53–55) for the following three reasons: declining rice prices; shrinking domestic demand for food, especially rice; and the dismantling of redistributive policy supports for farmers (pp. 55–56). One important change was the repeal of the 1942 Staple Food Control Act, “which had authorized the government to purchase rice ... at high prices from domestic producers via JA and then sell it through licensed vendors to consumers at reduced prices” (p. 60) in 1995, and “the law’s repeal and replacement by the more liberal Staple Food Act freed rice farmers to sell all their rice through private wholesalers or directly to retailers—a major blow to JA” (pp. 60–61). In addition, farmers within JA became more entrepreneurial by branching out into more profitable types of food—namely organic produce—and growing higher quality and more value-added crops. Moreover, Japan’s food supply chains have been changing since the 1990s (pp. 73–79). By creating a brand based on food corporations, farmers can cultivate a loyal customer base at a regional level. Some innovative farmers are engaged in “contract farming” (*keiyaku nōgyō*), getting exact numbers to produce from corporate customers. For example, Mr. Shimada, in Kumamoto Prefecture, “communicates directly with his corporate customers to decide what and how much parsley or shiso to produce and at what price” (p. 73). Although only some farmers or co-ops engage in branding and other market-oriented strategies, numbers are increasing slowly. Moreover, “Japanese processors are also diversifying their stakes in food supply chains and in ways that can benefit producers” (p. 76). While many of Japan’s large food processors “are relying on cheap food imports for their ingredients ... smaller processors ... are figuring out how to source their ingredients from domestic producers” (p. 76). These internal developments at the grassroots level have reduced the influence of JA and made their lobbying arm significantly less powerful, allowing for Japan’s unprecedented leadership in the rule-making of international trade.

Although Japan’s new pursuit of more comprehensive FTAs may seem out of character, in reality, it is the culmination of decades of reformism starting in the 1990s, which has decreased the power of the agricultural lobby, namely JA, and a slew of unprecedented agricultural reforms began to take effect. Each reform, on its own, may appear to be watered down, but Maclachlan and Shimizu argue that it is the cumulative effect of lots of small—and often *individually* inadequate—reforms that have brought these changes. However, even with these changes, Japan remained on the fringes of FTAs until Abe’s second term in 2012.

The power behind Japanese reformism has been consolidated thanks to the political and administrative reforms in the 1990s. A Japanese prime minister now has institutional conditions to implement their policy as a “strong prime minister” (*tsuyoi shushō*) (Machidori 2012). When Prime Minister Nakasone Yasuhiro tried to

implement the privatization of public corporations in the 1980s, he had to do it without institutional tools to exercise his leadership. Abe implemented JA reform using favorable institutional conditions to exercise his strong leadership—while he has much less charisma than the typical “strong prime ministers” such as Nakasone and Koizumi (Harris, chapter 14).⁸ Without the institutional conditions, the Japanese government might have withdrawn from the TPP when the United States withdrew, accommodating the anti-reformist pressure from the MAFF. In that sense, Japan could take the initiative in the rulemaking of international trade because a Japanese leader could overcome the anti-reformist backlash from the beneficiaries of the vested interests and push through reformist policies.

Political economy of Japan’s reformism

For a long time, Japan’s relationship with the United States, especially attitudes toward the Japan–US Security Treaty, determined the division between “right” (*u-ha*) and “left” (*sa-ha*) in Japanese politics. The overall trend was that the right, corresponding with “hawks” (*taka-ha*), appreciated and supported the alliance with the United States, while the left, corresponding with “doves” (*hato-ha*), criticized and argued against the treaty-based alliance with the United States. Attitudes toward security issues trumped those toward economic issues. Thus, even when Japan had severe trade friction with the United States in the 1980s, confrontational American attitudes in the negotiations did not sway the right’s support for the bilateral security alliance (Schoppa 1997). However, this trend has changed. The division between the right and the left has become meaningless in the last three decades since the Cold War ended, parties in Japan’s party politics have become more centrist in recent years, and a new division has emerged in Japanese politics over the attitudes toward domestic economic reforms and state-market relations (Kabashima and Takenaka 2012; Schoppa 2011b). On the one hand, “conservatives” (*hoshu-ha*) try to protect the vested interests (*kitoku ken’eki*) that were created during the dominant rule by the LDP.⁹ On the other hand, “reformists” (*kaikaku-ha*) try to advance economic reforms that would severely undermine the vested interests supporting the LDP-dominant regime.

November 1955 saw the creation of the dominant party, the LDP. The Liberal Party was headed by Prime Minister Yoshida Shigeru, architect of the Yoshida Doctrine—a foreign policy strategy that prioritized economic growth over military development. Under the Yoshida Doctrine, Japan would remain demilitarized and rely on the United States for protection and access to thriving American markets.¹⁰ Opposition came in the form of the Democratic Party, founded by Kishi Nobusuke and Hatoyama Ichirō, who usurped Yoshida as prime minister in 1954. However, in response to the creation of the Japan Socialist Party (JSP), the Liberal and Democratic Parties merged into the LDP; touting values such as “economic planning to achieve ‘economic independence’; a robust social safety net; ‘peace diplomacy’ to conclude peace treaties and normalize relations with former adversaries and colonies and to join the UN; and revision of the constitution and other occupation-era laws, the redevelopment of Japan’s armed forces, and the removal of foreign troops from Japanese territory” (Harris, p. 16). The LDP went on to dominate Japanese politics for the next 40 years.

The LDP finally was pushed into opposition in 1993. Along with the end of the Cold War, the traditional right–left, or hawk–dove, division that had defined Japanese politics had already become anachronistic. Leonard Schoppa (2011a, 3) describes that until the 1980s “Japanese politics revolved around the competition between the dominant LDP and the always-losing but resilient Japan Socialist Party (JSP).” The collapse of this LDP–JSP division was evident when JSP President Murayama Tomiichi became prime minister of a coalition government of the JSP with the LDP and a small party (New Party Sakigake) in 1994. In his Diet speech on July 18, Murayama declared that his administration would maintain the Japan–US Security Treaty and recognize the constitutionality of the Self-Defense Forces (SDF), although the JSP platform had declared that both the Japan–US Security Treaty and the SDF were unconstitutional and that its goal was to abolish them. With this “historical transformation” of the JSP’s position on the security issue, the hawk–dove division collapsed and became meaningless in the context of Japanese politics (Shinoda 2013b, 79).

At that time, the Japanese public was increasingly frustrated, due to economic stagnation starting with the burst of the economic bubble in the early 1990s. With an average annual growth rate of only approximately one percent, the 1990s became known as the first “lost decade.” In the meantime, during the 1990s the administrations attempted to revive the economy by expanding fiscal expenditure (Takenaka 2006, 15). The Japanese public identified conservative policies to protect the vested interests as a cause of the long-term economic stagnation, giving support to the reforms that would break the structure of vested interests. Thus, in discussions about the Japanese economic recovery, reformist arguments emerged. For example, in 1999, the Council on Economic Strategies (Keizai Senryaku Kaigi), under Prime Minister Obuchi Keizō, proposed that the Japanese economy needed structural reforms such as deregulation and privatization to strengthen the supply side of the economy (Takenaka 2006, 16).¹¹ However, structural reforms would not be realized until Koizumi became prime minister, in 2001, because of strong opposition from the “Iron Triangle” (*Tetsu no Sankakkei*), consisting of bureaucracy (*kanryō*), interest groups (*gyōkai*), and politicians (*seijika*), whose vested interests the conservatives tried to protect (Takenaka 2006, 17).

Harris describes Koizumi as a major turning point, running on a platform of raising anti-factionalism, destroying the old LDP, elevating reformism, and implementing top-down leadership once in office (p. 80).¹² The later Japanese economic reformism like Abenomics is rooted in the wholesale liberalization efforts undertaken by Koizumi. While Koizumi made sure to break with the Iron Triangle, Abe gave priority to maintaining the LDP’s major vested interests, so that he could win broader political support for Abenomics (Green 2022, 213–214).

“Destroy the LDP!” (*Jimin-Tō o bukkowasu!*). When Koizumi campaigned for the LDP’s presidential election with this phrase in 2001, many people were taken aback; a candidate for the party’s presidential election was advocating to destroy the party he would preside over. Of course, Koizumi never meant that he would destroy his own institution; instead, the LDP ties to vested interests, providing the basis for the LDP-dominant regime since 1955, would be severed. Takenaka Heizō, who served as the top economic advisor for the Koizumi administration, says that it was a

“miracle” (*kiseki*) that Koizumi became prime minister, given that Japanese politics had been harsh against the reformists who tried to remove the fetters of vested interests. Because of the unique structure of Japanese politics, “necessary reforms were postponed due to the decision making by the politicians and bureaucrats that gave the priority to protecting their vested interests and avoiding any risk” (Takenaka 2006, 13).

During his campaign for the LDP’s presidential election, Koizumi positioned himself as the reformists’ leader and characterized those against his reforms as “opposition powers” (*teikō seiryoku*). Moreover, Koizumi located the conservative-reformist division in the context of inter-factional rivalry within the LDP. Thus, as Koizumi came from the Seiwakai faction, his “Destroy the LDP!” slogan was directed at the Keiseikai faction occupying the dominant position in the LDP. Indeed, he faced a lot of opposition powers from Keiseikai during the campaign. For example, Nonaka Hiromu, a leading Keiseikai lawmaker, criticized Koizumi when the 2001 party presidential election took place: “Mr. Koizumi is saying that even a negative growth will be fine [for the sake of his reforms]. If so, Japan will sink.” Koizumi argued in response to Nonaka: “if you are not ready to break off with the vested interests, the LDP will never change.” (*Foresight* 2001a).

Koizumi positioned postal privatization as the “main pillar of the reform” (*kaikaku no honmaru*). The Japanese postal system (*yūsei*) was not just an institution delivering mail but providing financial services and social welfare services (Maclachlan 2011b, Introduction). In particular, the postal savings were invested by the government through the Fiscal Investment and Loan Program (FILP: *Zaisei Tōyūshi*). Because the distribution of the FILP fund was a politically sensitive issue, the Japanese postal system became highly politicized. The FILP created the vested interests of the Iron Triangle among commissioned postmasters (*tokutei yūbinkyokuchō*), LDP politicians, and the Ministry of Posts and Telecommunications (MPT). The commissioned postmasters had a strong collusive relationship with the LDP, as their support for the LDP candidates functioned as an effective vote-gathering machine for the LDP to win elections, the FILP provided the funds to cover public construction projects, and the MPT officials maintained their influence by coordinating the relationship between the LDP and the commissioned postmasters. When Koizumi called a snap election in the Lower House—calling it the “postal election” (*yūsei sōsenkyō*)—in 2005, he took advantage of the new electoral system where each district had only one LDP candidate. He categorized those who had opposed the postal privatization bill—calling them “postal rebels” (*yūsei zōhangumi*)—as the conservatives while those who had supported it as the reformists. He purged those who voted against the bill from the LDP and assigned new LDP candidates—calling them “assassins” (*shikaku*)—in all the districts where the postal rebels were running for election.

Overall, Koizumi’s reforms and politics were extremely popular and he led the LDP to victory in all national elections during his tenure. His approval rate reached 80 percent when he was inaugurated as prime minister in April 2001, and more importantly, his approval rate among the supporters of the newly emerging opposition party, the Democratic Party of Japan (DPJ), reached 75 percent (*Foresight* 2001c).¹³ Considering that the DPJ increased their seats in the Diet by taking the

reformist votes in the 1990s, the DPJ constituencies' support for the Koizumi administration would mean that Koizumi's LDP had the reformist support regardless of party. Koizumi knew that his real opponent was the LDP conservatives; therefore, defining his position as a reformist vis-à-vis the conservatives, he pushed forward his reforms by emphasizing the "farewell to the LDP politics" (*Jimin-Tō seiji tono ketsubetu*), which meant to destroy the LDP's traditional Iron Triangle-based vested interests (*Foresight* 2001b).

When Koizumi stepped down in 2006, many believed that Japanese politics had changed sufficiently for the momentum of Koizumi's reforms to continue (Estévez-Abe 2006). Under the new electoral system where the leadership of the ruling party's president mattered, the LDP had changed electoral strategies to acquire votes in urban areas, responding to the new electoral rules implemented in 1994 (Reed 2011). Moreover, with the new administrative institutions to strengthen the prime minister's leadership in the decision-making processes, Abe, Koizumi's successor, seemed resolved to continue the reforms that Koizumi had started. However, interestingly, Koizumi's successors overturned most of the reform policies and tried to go back to the "old politics," taking care of the vested interests of the old LDP-dominant regime. Abe and his successor, Fukuda Yasuo (succeeding Abe in 2007), both failed to carry out reform policies, and the momentum for structural reforms waned (Shinoda 2013a, 108–117; Shinoda 2013b, 121–128). The LDP lost the plurality in the Upper House in the 2007 election, and after that Fukuda was unable to pass any bills in the Diet (Sugawara 2009, 72–73). Fukuda's successor, Asō Tarō, became prime minister in 2008 while promising to protect the LDP's vested interests that had been "destroyed" by Koizumi, and during his tenure (2008–2009) the momentum for structural reforms was completely lost (Takenaka 2013, 17–18). Three prime ministers from the DPJ after Asō attempted their versions of reform between 2009 and 2012 but consistently encountered obstacles to success before eventually losing the Lower House to the LDP in 2012.

Abenomics, the Trans-Pacific Partnership, and beyond

Abe was back: the LDP won a landslide victory in the Lower House election in 2012 and Abe became prime minister again. In the beginning, whether he wanted to commit to reformism and what reforms he wanted to pursue were unclear. In the election, he promised to resume structural reforms although he did not promise to resume Koizumi-style reformism. Almost hypocritically, his electoral campaign was based on claims of protecting the LDP's vested interests such as the agriculture and postal systems, while structural reforms were also promised. His ambivalent attitude toward structural reforms is shown in the LDP's slogan for the election, "Take back Japan" (*Nippon o torimodosu*), suggesting that the LDP would take back the vested interests (Isoyama 2012).¹⁴ He never clearly defined what this slogan would mean, but promised to resume structural reforms to regain Japan's economic growth without mentioning the Koizumi reforms. The voters did not forget that he had failed to advance the Koizumi reforms in his first term (2007–2008) even though having started the term with a very high approval rating thanks to Koizumi's popularity. However, poor governance by the DPJ from 2009 to 2012 made the voters feel that

any prime minister other than a DPJ one would be better (*Foresight* 2012). Moreover, Abe's economic advisors included some of the reformists working for the Koizumi administration, such as Takenaka; hence, the reformist voters preferred the LDP to the DPJ (Takenaka 2013, 62–79). The reformists thought that it would be Abe, not a DPJ prime minister, who might be more likely to be committed to structural reforms, because the DPJ administrations had argued that Koizumi was committed to “excessive reformism” (Takenaka 2013, 48).

Harris underscores how Abe used the mistakes he made during the first term of his administration as lessons to create an effective and strong administration at the start of his second term in 2012 (pp. 188–92). For example, Abe institutionalized the prime minister's control over national security policy by founding the Japanese version of the National Security Council (Kokka Anzen Hoshō Kaigi), modeled after the US National Security Council (pp. 215–217). Moreover, he strengthened the prime minister's top-down policymaking by establishing the Cabinet Bureau of Personnel Affairs (Naikaku Jinjikyoku) to centralize personnel decision-making for the central government's ministries and agencies. With a strong bureaucracy behind him, he wielded his new powers for reforms concerning Japanese businesses and agriculture, along with leading Japan towards unprecedented foreign policy moves a prime minister had never undertaken before.

On January 20, 2017, when Donald Trump came into office, he pulled the United States out of the TPP. With the fate of the deal in question, it was Abe who took over the leadership position and successfully renegotiated the trade deal without the US involvement, a feat only possible due to administrative reforms that had both consolidated power in the prime minister's office and decreased the LDP's reliance on traditional interest groups such as JA. One example of a reform utilized by Abe originated with Koizumi: cross-ministerial coordination for Japan's FTA policies (Katada, p. 102). This facilitated the government-led liberal strategy that was a staple of Abe's term as prime minister. Abe thought that the reductions of tariff and non-tariff barriers, as well as commitment to regulatory reforms brought on by new rules and regulations within the agreement, would serve as a vital push for reviving the Japanese economy in the face of the second “lost decade” (p. 110). In addition, he was able to use his position to signal “negotiated decisiveness.” In a nutshell, as Solís summarizes: “The combination of centralized decision making (enabling significant policy departures) with political pragmatism (moderating the reach of reforms) is evident in the decision ... to seek TPP membership, and in the subsequent reforms ... as the government sought to give traction to the liberalization *cum* reform agenda without sacrificing its political imperatives” (p. 149). This is how the Abe administration was able to gain popular support for the TPP, an agreement that provides substantial growth and reform dividends while promoting the GVC-based trade in the Asia-Pacific region.

Abe campaigned on a promise to revitalize the Japanese economy, which had been stagnant for over two decades by 2012. His reform plan was called Abenomics, and his new monetary policy successfully stopped the deflation that had lasted since 2008 (Takenaka 2013, chapter 1). However, monetary policy was merely the first “arrow” of the “three arrows” of Abenomics. The second arrow was the expansion of fiscal stimulus to support the economy in the short term, and the third arrow was a growth

strategy to promote investment, enhance the mobility of the labor market, create new markets, and advance global economic integration, as well as concluding FTAs such as the TPP (Takenaka 2013, chapters 1–2). The key was how fast Abenomics could move from the first two arrows to the third arrow (Takenaka 2013, 211–213). Easing monetary policy was necessary to stop deflation and the fiscal expansion policy would not create losers in the short run. However, the growth strategy policies, such as deregulation and the TPP, might immediately create winners and losers.¹⁵

Whether Abenomics was successful is a hotly debated topic. Joshua Hausman and his co-authors (2021) argue that the first arrow of Abenomics was successful, as it brought a weaker yen, higher stock prices, and lower nominal rates. However, Abenomics did not entirely cure Japan's deflation; inflation rates were roughly the same in 2019 as they had been seven years earlier at the start of Abenomics and there has yet to be an increase in consumption growth (Hausman, Unayama, and Wieland 2021, 147). The best way to encourage inflation continues to elude policy experts, as the Japanese economy seems to defy the typical outcomes of expansionary monetary policy.

Whether Abenomics worked depends on evaluations of the third arrow, which covered extraordinary problems in many areas and has had mixed results. For example, in corporate governance reform, Hideki Miyajima and Takuji Saito (2021) find that the government successfully pushed for many corporations to make their corporate governance more shareholder-centric in terms of the number of outside board directors and the structure of the board committee. And reform contributed a performance improvement for a firm that had a lower foreign ownership ratio and faced less discipline from capital markets, but it did not change corporate behavior as seen in investment rate and cash holding, which means that corporate managers did not necessarily direct the increased profits to investment under the favorable macroeconomic condition of Abenomics. Moreover, Nobuko Nagase (2021) argues that “Womenomics,” a policy to increase productivity through promoting female labor force participation, remains a relative failure. Although there were moderate improvements in female participation in the workforce, in terms of high company positions such as board members and CEOs Japan still lagged behind other developed countries. Thus, while Womenomics raised Japanese female workforce participation, there was almost no progress in terms of female leadership within Japanese companies. Furthermore, Harris writes of the COVID-19 pandemic in his afterword: “the crisis revealed the fragility of Abenomics’ achievements” (p. 331), pointing out that the Japanese economy was likely in recession in March 2020, inflation remained below two percent, and unemployment rose. He also notes the growing debt-to-GDP ratio that went along with a burgeoning deficit. However, although Abenomics may not have brought about permanent change for the better, the moderate improvements are not to be scoffed at. Abenomics, while not a holistic cure, still contained seeds of significant change that positively affected the Japanese economy.

Abenomics had profound effects not only on the economy but also on foreign policy. The third arrow of Abenomics, increasing private investment, required Japan to open its markets more than it ever had before. As part of this policy, Abe announced that his administration would promote regional economic growth and integration in Southeast Asia (Harris, p. 198). Katada suggests that the acceleration of globalization,

domestic political instability with the disruption of the LDP rule, and economic stagnation since the 1990s have loosened the strong ties among politicians, bureaucrats, and interest groups (pp. 69–75). Businesses have acted with less government oversight and therefore with less constraint, meaning that the government’s ability to guide the economy through influence over businesses has been severely weakened (pp. 75–76). GVCs have proliferated and outbound FDI has increased (p. 83). As a result, protecting GVCs became a priority for the Abe administration. To achieve the third arrow of Abenomics, the administration needed to pursue a strategy that would promote FDI and GVC-based trade, and hence Japan began leading the rule-making of international trade and entering into bigger trade deals than ever before.

The biggest step in the Abe administration’s commitment to reformism came with Japan’s involvement in the TPP. The TPP was expected to play an important role as a rule-maker in further developing GVCs in the Asia-Pacific region. As Solís notes, despite agricultural opposition the business community touted the TPP’s ability to “crack open more infrastructure markets abroad, achieve a seamless customs regime for imports and exports, promote e-commerce, prevent the piracy of Japanese products, nurture the export of Japanese agricultural products, and secure a stable supply of safe food imports” (p. 168). The private sector’s push for TPP ratification was critical for politicians to support it, and it was ratified on January 20, 2017. Through the TPP, Japan reduced and even eliminated agricultural tariffs—although the Abe administration named five products (rice, wheat, meat, dairy products, and sugar) as “sanctuaries” (*seiiki*) and positioned them as pillars of Japanese protection against pressures to open the agricultural market (p. 174).

While the influence of domestic politics for Japan’s leadership to conclude the CPTPP was critical, the CPTPP’s impact on domestic politics was also important. Unlike many of the other existing FTAs or the WTO, the CPTPP requires the participating countries to be committed to domestic economic reforms. The FTAs covering GVC-based trade require the signatories to be committed to politically sensitive domestic economic reforms. If a country is involved in GVC-based trade—as Japan is—then its government would have a strong incentive to use the FTAs as a *gaiatsu* (literally “foreign pressure”) to advance the domestic economic reforms needed for the country to continue to benefit from GVC-based trade. In the meantime, domestic economic reforms undermine the rent-seeking schemes of vested interests. As discussed in the previous section, Japanese government leadership has been divided between reformists and conservatives since the end of the Cold War. GVC-based trade and FTAs that require commitment to domestic economic reforms empower reformists who favor international cooperation in domestic politics and make that country’s behavior more cooperative in international relations. Skeptics of the CPTPP have often overlooked the new trend of global economic transactions, and argue that the tariffs are already low, making the CPTPP unnecessary. However, in reality, the CPTPP is vital economically to promote GVC-based FDI and trade and politically useful to strengthen regional security by empowering reformists in each country’s domestic politics.

As new Asian markets have developed, Japanese companies have learned that to remain competitive they must move beyond manufacturing products; Japan cannot compete with the cheap, unskilled workforce at the disposal of rising economies.

Therefore, companies have upgraded into “higher technology realms ... afford[ing] deep competitive advantage” (Schaede, p. 71). To move up the “smile curve of profits,” Japanese management have reoriented their companies towards a specific core competency (choose) and then broken new ground in exploration and innovation in that core competency (focus) (p. 73). The world has seen a rise in products that contain small, specialized parts and fine chemicals inside larger products (such as automobiles and cell phones), with the indispensable, small, specialized parts being made in Japan. The “Japan Inside” strategy means that Japanese companies have capitalized on their competitive advantage in making specialized parts vital to the larger product and made full utilization of the GVCs previously established (p. 77). Japanese companies have been pursuing this strategy for well over two decades now. Although businesses are still influenced by the government, they have remained independent of government subsidies. With increased profits from their new strategy, the reinvention of the private business sector in Japan has been relatively painless compared to that of the agricultural sector.

Unlike internationally competitive businesses, the agriculture sector relied on protectionism and government subsidies to remain profitable for decades. While businesses were pushing for TPP ratification because they had reestablished themselves enough to be successful in a more liberalized market, the agricultural sector was far from prepared for the ramifications reform would have. In addition to difficulties brought on by the TPP, the population of farmers in Japan is rapidly aging and without successors. The application of new strategies in Japanese farming will be vital for farmers’ survival in the coming years. Now with JA’s power over farmers weakened and the export market providing new opportunities, several farmers have been employing a “choose and focus” strategy of their own.

Farmers have begun to distinguish themselves in the export market by focusing on high-quality foodstuffs. For example, JA Uonuma Minami has developed its brand of high-quality rice, with impeccable standards of quality and prices to match (Maclachlan and Shimizu pp. 153–154). It has continued to maximize its high-quality rice by adding value and accessibility to its brand with high-quality packaging, express delivery, etc. By partnering with reliable consumers, Japanese co-ops can ensure income as they work to further develop their brands and expand their consumer base. The same co-op has been expanding this strategy to include different food, such as watermelon and shiitake mushrooms. With the focus on producing extremely high-quality products, Japanese co-ops have been able to distinguish themselves in the international marketplace and gain a foothold as exporters.¹⁶

The Abe administration set out to revitalize the economy with its Abenomics strategy. Although the foundations were already in place, Abenomics worked to bring different aspects of the Japanese economy together to promote growth. Several of his main goals were accomplished, including weakening the yen and increasing Japanese outbound FDI, yet raising inflation remains stubbornly elusive. Abenomics had a wide-reaching impact on the Japanese economy and hastened the transformation that had already been quietly underway. With effective strategy and strong leadership backed by institutional support, Abe ensured that the Japanese economy remained relevant in international markets and Japan’s diplomatic influence grew in the Asia-Pacific region.

Persisting issues and the future of Japan

Glosserman (2019) thinks that Japan is in decline and the Japanese public has given up the ambitions of reformism that previous generations had. However, in this review essay we have shown that Japan has made significant progress in reformism within the last three decades. Yet there are still lingering issues that Japan will be confronting in the coming years. Foremost is the economy, which, despite reforms under Koizumi and Abe and continuous innovation by the business sector, remains a relatively poor performer in terms of GDP growth rates and productivity gains. Second is the aging population, which affects not only Japan but also China and many developed countries. How Japan tackles the problem of the aging population will serve as either a cautionary tale (if it fails) or a model (if it works) for the rest of the world (*Economist* 2021). Japan is also faced with the realities of a shifting global power balance, as American hegemonic power continues to come into question and China's influence grows—especially for other East Asian countries. Third, Japan's handling of the global pandemic is also controversial. Initially, Japan—and other East Asian countries—managed to control COVID-19 better than most countries in other regions (Tiberghien 2021). However, Japan imposed strict border closure that banned foreigners from entering for three months from November 30, 2021, and, at the time of this writing, is still imposing a stricter barrier on foreign arrivals than many other countries in the world. These strict border controls have undermined Japan's reputation as a leader of the liberal international order and made the past efforts for internationalism and reformism in danger of withering on the vine. Finally, since Abe stepped down in 2020, Japan has been without a stable leader, having two prime ministers within two years. Abe's assassination in July 2022 has also left the largest LDP faction without a strong leader, further exacerbating the lack of consistent leadership. All these issues will continue to shape future policymaking in Japan, and policy outcomes will be different depending on whether Japan keeps a renewed emphasis on internationalism and reformism.

Many point to the issues outlined above as evidence of Japanese failures and claim these issues are too big to solve. For them, the eras of Koizumi and Abe are exceptions and Japan is now in decline. Yet, critics fail to consider the integration of domestic politics and foreign policy. Although each domestic reform may not have brought about drastic change for the better immediately, the moderate improvements have made significant changes that enable Japan to effectuate its grand strategy and play a leadership role in the liberal international order. Consider Japan's unprecedented shift towards internationalism during the second term of the Abe administration. With the leadership rallying behind concluding the CPTPP, Abe cemented Japan as a front-running rule-maker in international trade. When the United States withdrew from the TPP, few thought that Japan would take over the leadership role from the United States; instead, many thought that Japan would follow the United States in withdrawing to accommodate the anti-reformist pressure from traditional interest groups like JA. However, the power balance among interest groups in Japanese domestic politics had already shifted, allowing reformism to overcome the backlash from the beneficiaries of the vested interests. Moreover, the political and administrative reforms in the 1990s had given prime ministers the institutional

basis of committing to internationalism and reformism in domestic politics. Although there remains niche, but staunch, opposition to further trade liberalization, it would be within Japan's best interests to continue exploring its newfound role as a rule-maker in the international trade system. As Solís emphasizes, upholding free trade and the existing international order of multilateral governance should be at the top of Japan's foreign policy agenda, especially considering China's rise (pp. 221–223). Echoing Katada, we argue that as China grows in power Japan must find a way to diffuse regional policies following Japanese liberal norms such as free trade and multilateral cooperation (p. 195). This will likely have to take place without the United States, as President Joe Biden has failed to articulate a comprehensive Asia-Pacific policy with the assurance of American involvement due to his struggle to gain domestic support for the commitment to international leadership.

For the last decade, Japan has played a leadership role in the rulemaking of the international economic order—after having failed to be influential in trade negotiations for decades. Japan's emergence as a leader of the evolving Asia-Pacific order suggests that a commitment to domestic economic reforms is required to implement a grand strategy of national security and economic prosperity. In light of the pandemic, Japan stands at a crossroads: will it continue on a path of internationalism and reformism, or slip back into its old ways? Green expects the former while Glosserman expects the latter. Glosserman (2019) contends that the Abe era was the apogee of Japanese power although he did far more than many had thought was possible. Green (2022) suggests that the effectiveness of US strategy on China “will depend on working with Japan and knowing Japan's own strategic thinking” and hence “the world will be safer and more prosperous to the extent that Japan *does* succeed” (*italics in original*). Hopefully, Japan will continue the path of internationalism and reformism and remain a prominent force in the Asia-Pacific region. The existing world order will depend on it.

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Notes

1. Naughton introduces the definition of a growth miracle as growing at seven percent or more for 25 years.
2. For the pessimistic argument on why Japan cannot break out of its slump, see Glosserman (2019).
3. For Japanese individuals referenced in the text, surnames come first before given names.
4. For a comprehensive account of the FOIP and Japan's new grand strategy that emerged under Abe, see Green (2022).
5. This argument also has implications for why the United States has found it difficult to lead a rules-based liberal international order while struggling with gaining domestic support for its international commitment. It suggests that in the context of the two-level games of economic reform and international integration, domestic politics determines how incumbent powers respond to the rise of great powers.
6. A general trading company traditionally specialized in exporting and importing a wide range of goods as well as providing the credits and loans associated with the trade business (Ito and Hoshi 2020, 307–308).

7. When introducing a Japanese source, we put the author's surname first and given name last.
8. For the comparison of Nakasone and Koizumi, see Maclachlan (2011a).
9. As one can easily see from this definition, conservatism in Japanese politics is not related to the conservative ideology in American politics.
10. Michael Green (2022, 218–228) interprets Japan's new grand strategy under Abe as the departure from the Yoshida Doctrine.
11. Prior to Koizumi, in the 1980s Nakasone raised expectations that the government should advocate for reform (Samuels 2003).
12. Margarita Estévez-Abe (2006) analyzes the relative contributions of structure versus agency as drivers of reform under Koizumi.
13. This number is particularly remarkable, considering that his predecessor's (i.e., Mori Yoshiro's) approval rate was seven percent (Takenaka 2006, 31).
14. This concern culminated in January 2013 when Abe raised the concept of "rice paddy state capitalism" (*inaho no kuni no shihonshugi*) to argue that the Japanese economy is different from another country's market economy. However, Abe dropped this concept later. For example, he did not use this concept in his speech in London in June although apparently conservative cabinet members such as Asō wanted him to do so (Isoyama 2013b; Isoyama 2013c).
15. While Abe's goal was reducing the public construction budget, it was Asō who advocated for expanding fiscal stimulus to increase expenditure for public construction, which a Japanese journalist, Isoyama Tomoyuki (2013a), calls "Asonomics." Asō became vice prime minister and financial minister in the Abe administration. When he was prime minister, he had tried to overturn the Koizumi reform as much as possible.
16. Having said that, JA Uonuma Minami is a very rare example of co-op exporting rice. Most rice is too expensive to export, and JA more generally has not done sufficiently to promote rice exports.

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