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## For Abe, It's Time to Deliver

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TOKYO — Prime Minister Shinzo Abe of Japan is likely to win a mandate Sunday for his three-part recipe to end stagnation in the economy, but anyone expecting him to use it to push a big-bang overhaul agenda might need a reality check.

Mr. Abe's bloc, led by his Liberal Democratic Party, is expected to win a hefty majority in elections for the upper house, ending a "twisted Parliament" in which the opposition controls the upper chamber. Surveys by the news media published Monday showed that Mr. Abe's party maintained a substantial lead over rivals.

The stalemate in Parliament has hampered policies for most of the past six years since Mr. Abe, then in his first term as prime minister, and the Liberal Democratic Party suffered a humiliating defeat in the upper house. He resigned two months later and was followed by a string of short-term leaders.

Mr. Abe, who returned to office in December for a rare second chance, will have few excuses for shying away from overhauls, including deregulation, that many see as vital to generating growth, but his commitment to doing so remains in doubt.

"What's required is the kind of thoroughgoing reform that Mr. Abe doesn't seem to have the vision or stomach for," said Jun Okumura, a senior adviser for the Eurasia Group, a political risk research and consulting firm, and former official at the Japanese Ministry of Economy, Trade and Industry.

"Just because he wins an election doesn't mean vested interests will be any more amenable to changes that would affect them negatively," he added. "A leader can do a lot with the ability to appoint and dismiss cabinet members, and ultimately, the right to call a general election.

Hopes for Mr. Abe's prescription of low interest rates, big spending and steps to promote growth — nicknamed Abenomics — pushed up Tokyo share prices and weakened the yen even before his bloc won the December election for the powerful lower house.

Business executives and economists welcomed his decision in March to join talks on the U.S.-led Trans-Pacific Partnership, or T.P.P., trade pact, despite fierce opposition from the farm lobby, a traditional backer of the Liberal Democrats.

Advocates say joining the pact would open Japan's economy to competition and increase momentum for deregulation to ignite growth.

"T.P.P. is not about agriculture reform; it's about whether Japan sits at the table when global rules are made and doing whatever it takes to be a first-rate power," said Jesper Koll, head of equities research at J.P. Morgan in Tokyo.

Mr. Abe has also backed changes in the energy sector that would break up regional utility monopolies, also powerful supporters of his party, although a political scuffle just before a Parliament session ended in June prevented an overhaul bill from passing.

Optimists argue that the desire of Mr. Abe and like-minded nationalists for a strong economy to ensure Japan's place on the global stage will keep up pressure for overhauls — a 21st-century version of the "Enrich the Country, Strengthen the Army" slogan of the late 19th-century reformers who modernized Japan.

"I think he sees a genuine challenge to the sovereignty and power of the country," said Robert Feldman, chief economist at Morgan Stanley MUFG in Tokyo.

But reaction to Mr. Abe's so-called third arrow of structural overhauls, unveiled in June, has been tepid, prompting the prime minister and his aides to promise that more is in store after the upper house election.

Among the areas where critics want bolder steps are agrarian land policy, labor market measures to make it easier for companies to get out of money-losing businesses and shift to growth sectors, cuts in the corporate tax rate and an easing of barriers to [immigration](#) to cope with Japan's aging and shrinking population.

A split among Mr. Abe's growth strategists between those who see a big role for government in picking and backing new growth sectors, and those who want government to get out of the way to allow innovation, also clouds the outlook for overhauls.

Too decisive a victory on Sunday could make it harder for Mr. Abe to push through the sort of changes that would harm traditional Liberal Democratic supporters.

Such a win would raise the number of members of Parliament with ties to vested interests and increase complacency in the party.

Some media forecasts give Mr. Abe's party a shot at winning an upper house majority on its own for the first time since 1989. With no national election required again until 2016, members keeping quiet now are likely to become more vocal after Sunday.

"Are we dealing with Japanese politics?" said Mr. Koll of J.P. Morgan. "The answer is yes. Will there be compromise? You bet. The risk of compromise moving to the forefront gets bigger the bigger they win."

Mr. Abe will also face a tough decision in the autumn on whether to give the go-ahead for a plan to raise the sales tax to 8 percent from 5 percent next year, the first stage in a scheduled doubling by October 2015 to help limit the huge public debt.

Some party members fear the tax increase would derail a recovery, but postponing it could cause havoc in financial markets, where the delay would be taken as a signal of renegeing on fiscal overhaul.

The International Monetary Fund, while giving a cautious approval to Abenomics, has warned of risks if Japan does not both cut its debt — already twice the size of its \$5 trillion economy — and enact structural overhauls.

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