

Abe reshuffles Japanese cabinet to try to boost economy

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Japanese Prime Minister Shinzo Abe reshuffled his ministry last Wednesday, launching his third cabinet since coming to office in December 2012. After forcing through widely unpopular legislation to allow the military to take part in US-led wars of aggression abroad, Abe is now seeking to address his failure to reverse the country's ongoing economic stagnation.

During a news conference later in the day, Abe said the economy would be the new Cabinet's top policy priority. He has outlined three new "arrows" of his so-called Abenomics: boosting gross domestic product by 20 percent to 600 trillion yen (\$US5 trillion) by 2020, turning around the country's low birthrate and changing welfare services.

Nine senior cabinet members kept their posts, but ten new ministers were added, including a newly created position dubbed the Minister in Charge of Promoting Dynamic Engagement of All Citizens. This new ministry will seek to drive up the workforce participation rate and deal with gender and birthrate issues, as well as the longstanding dispute over North Korea's abduction of Japanese citizens.

The key figures who retained their posts included Gen Nakatani as defense minister, Taro Aso as finance minister and Fumio Kishida as foreign minister. Sanae Takaichi, who has previously been linked to neo-Nazi groups, kept her position as internal affairs minister. Another of Abe's key allies, Akira Amari, retained his position as minister of economic and fiscal policy. Amari is a supporter of the US-dominated Trans-Pacific Partnership (TPP), agreed on October 5, which must now be ratified by each of the 12 participating countries.

Newly-appointed ministers included Motoo Hayashi as minister of economy, trade and industry. He vowed to lift Japan "completely" out of the deflation that has

marked the world's third-biggest economy since the mid-1990s. Katsunobu Kato will head the new Citizen Engagement Ministry. Hiroshi Moriyama, the new minister of agriculture, forestry and fisheries, led a panel of the ruling Liberal Democratic Party on the TPP and is tasked with convincing Japan's farmers to accept the pact.

Overall, the new cabinet has been installed to push through Abe's economic agenda. His first "three arrows"—massive monetary stimulus, increased government spending and pro-business economic "reforms," have done little to revive Japan's stalled economy.

Gross domestic product (GDP) shrank at an annualized pace of 1.2 percent in the second quarter of 2015, and could do so again in the third quarter—formally putting the economy in recession. "The economic data published since the Bank of Japan's last meeting in mid-September have provided further evidence that the economic recovery has ground to a halt," Marcel Thieliand of Capital Economics told CNN.

Japan's economy is being hit by the slowdown in China—its largest trading partner. The global ratings agencies have issued warnings about Japan's government debt, which totals nearly 250 percent of annual GDP. The latest downgrade came from Standard & Poor's, which last week warned that Abenomics "will not be able to reverse" the deterioration in Japan's creditworthiness.

To attempt to stop the slide, the government intends to shift more of the economic burden onto the backs of the working class. The focus will primarily be on creating more favorable economic conditions for Japan's corporations, restarting the country's nuclear plants, and promoting the TPP.

In part, Abe's announcements sought to boost the government's low approval ratings following the passage of the military legislation last month. He promised to promote social security measures to help people care for elderly family members.

Big business, however, demanded that Abe deepen the measures contained in his original "third arrow," including measures to allow for the firing of employees and the slashing of taxes.

The *Nikkei Asian Review*, a mouthpiece for business, wrote on October 8: "Fresh from the successful conclusion of negotiations on the Trans-Pacific Partnership trade agreement, the government ought to take another whack at the so-called bedrock regulations in agriculture, employment and other areas. It should also shake up corporate governance further and look to lower the effective corporate tax rate to the 20 percent range."

The corporate elite regards the TPP as a crucial piece of its economic agenda. It is also an important aspect of Washington's "pivot to Asia," which is backed by Tokyo, directed against China. The 12-country partnership, falsely portrayed as a free trade agreement, is designed to open up the region to unrestricted domination by Wall Street. It is the economic arm of war preparations directed at China, which has been effectively excluded from the TPP.

However, the TPP still faces opposition as each country must first ratify the agreement. With that in mind, Akira Amari has criticised those in the US who have come out against the TPP from a protectionist standpoint, specifically US Democratic Party presidential candidate Hillary Clinton. Amari took issue with Clinton's stance and the prospect for a renegotiation of the TPP, saying last Friday: "It would disgrace the Stars and Stripes banner ... I don't want to see such a situation."

Hiroshi Moriyama, a one-time opponent of the TPP, now the new minister in charge of agriculture, has also quickly taken to his role of selling the TPP to Japan's farmers. "We've secured tariff cuts and elimination for beef, rice, tea and fishery products," he said. "It would thus become easier for Japanese farmers to export these products."

With the ruling LDP-Komeito coalition noncommittal toward holding a special fall session, the Japanese parliament is not expected to begin a debate on the TPP

until next January. A 90-day consultation period in the US Congress and strict secrecy over the contents of the pact may stymie a quick ratification by Japan.

The unpopular decision to reopen Japan's nuclear plants, which were shut down following the March 2011 tsunami and earthquake that devastated Fukushima's reactors, is also on the agenda. Motoo Hayashi, the new minister of economy, trade and industry, stated: "We will try to gain public understanding (for the safety of nuclear power plants) to move forward (reactor) restarts." In August, a nuclear reactor in Kyushu was restarted, while the Ehime prefectural assembly in western Japan consented on Friday to the reactivation of Shikoku Electric Power Company's plant in the town of Ikata.



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