

TPP and Japanese Economic Revitalization

Abstract:

Facing two decades of deflation and a declining and aging population, Prime Minister Shinzo Abe's government has implemented "Abenomics", comprised of three arrows: aggressive monetary policy, expansionary fiscal policy and an economic growth strategy. The first and second arrows are matters of political will and already implemented. The third (economic growth) arrow should eventually come from business activities. Trade liberalization, including TPP and structural reforms are necessary, but these may not be sufficient. The efforts of and performance by companies and employees to strengthen their competitiveness through innovation and entrepreneurship are crucially important. In the long run, education is crucial; but in the short run, psychological reforms may be warranted. Through the long deflationary period, Japanese people may have tended to be short sighted, inward-looking and conservative. We may need psychological reforms to promote long sightedness, an external focus and more risk taking. TPP and more global competition can be a new "healthy" gaiatsu, or foreign pressure, for Japan to carry out structural and (possibly) psychological reforms.

Atsushi Yamakoshi

Atsushi Yamakoshi is the Executive Director of Keidanren USA. Mr. Yamakoshi returns to this position as head of Keidanren's Washington DC office, having also served as its Director from 2006 to 2009, and as U.S. Representative of Keidanren and Visiting Economist at Japan Economic Institute (JEI) from 1994 to 1997.

Keidanren USA

Keidanren USA is the U.S. liaison entity for Keidanren, the Japan Business Federation. Keidanren USA's office is located in Washington DC and its core mission is to facilitate more engagement by the Japanese business sector with the U.S. policymaking community, and to promote the very real contributions (in terms of investment and jobs) being made by Japanese companies to the U.S. economy.



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