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The Abe Administration's Growth Strategy: Policy Idea, Institutional Change, and State-Driven Policy Governance

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Abstract | This paper elucidates the unique qualities of Abenomics, the Abe administration's growth strategy implemented in 2012, in terms of its policy idea, institutional change, and policy governance. The administration of Prime Minister Abe Shinzō was tasked with setting up the main goal of the cabinet to "break through the national crisis" by designating the "growth strategy." This new strategy is now considered to have been a success, a feat which the previous administrations never reached. Since the "collapse of the bubble economy," many attempts were made by the previous administrations to reboot the economy, but none of them was ever fully successful. Meanwhile, although the Abe administration's growth strategy initially emerged from that of the Koizumi administration, it has been reformed year by year, corresponding to feedback and actual socioeconomic conditions. Abe's strategy can be explained in three aspects: policy ideas, industrial legislation, and policy governance. In particular, the administration enacted industrial legislation that specify the government-centered goals and logistics, and it has developed industrial policies based on this notion by regulating loan policy and regulatory reform. The Abe administration's strategy is distinguished from other cases in that it reinforces the role of the prime minister over the entire decision-making process. Also, it stresses the horizontal relationship between government institutions and requires public support for cooperation between the government and the people.

Keywords | Abenomics, growth strategy, policy idea, industrial legislation, politics-driven governance

The Abe Administration's Efforts to Overcome a National Crisis

Abe Shinzō, a former prime minister, regained power after a sweeping win in Japan's forty-sixth lower house election in 2012. The new Abe administration overtly specified its primary aim as overcoming a national crisis and began to

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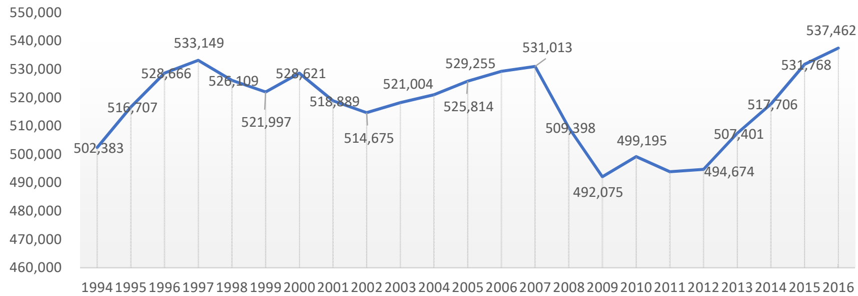


Source: Cabinet Office, Government of Japan (http://www.esri.cao.go.jp).

Figure 1. Nominal GDP of Japan 1994-2016 (Billion Yen)

regulate the nation's systems and society ("Abe naikaku sōri daijin," 2012). Abe and his cabinet have been trying to resolve the national crisis through economic recovery, national reconstruction, and crisis management. First, the Abe administration has enacted "Abenomics" to help Japan recover from the economic stagnation that has plagued it since the 1990s. Abenomics has three targets: monetary easing, fiscal stimulus, and structural reforms. Another mission has been to reestablish Japan's diplomatic relations with China, South Korea, the US, Association of Southeast Asian Nations (ASEAN), India, and Russia in order to reaffirm and strengthen Japan's position in the international world order and to thus reconstruct its national identity. Regarding domestic politics, the Abe administration has focus on people's living conditions, territorial sovereignty, and social welfare—all of which had emerged as political issues under the previous Democratic Party of Japan (DPJ) cabinet.

The reform of the Abe Cabinet is important in that it is a strategy aimed at transforming Japan after the postwar period (Yoon Dae-yeob 2006). In particular, moving on from the "lost two decades" and recovering from the nation's long-term depression appear to be the top of Abe's agenda in his quest to reassert Japan's position in the world. Since the collapse of the bubble economy in the 1990s, the Japanese economy has moved back and forth between long-term stagnation and temporary revival; in the process, it has become a target of disputes about transforming or reinforcing the economy's fundamental structure, sparking the arguments about whether to retain the Japanese model or change to the Anglo-American model. However, Abenomics' monetary and fiscal policies and the transformation of corporate structure have indeed brought positive, visible changes, according to data. Recent studies have indicated that the long-term deflation seems to be nearly over, and both the rate of national economic growth and industrial profits have increased. Japan's nominal GDP in 2016 reached 537.4 trillion yen, increasing 42.8 billion yen from 494.6 trillion yen in 2012. In addition, by 2015 business bankruptcies had declined by thirty percent since 2012, resulting in the lowest number since the collapse of the bubble economy. The nation's unemployment rate is down, and the wage rate has risen at the highest rate in the past seventeen years. The government debt, which was reported as being 3.3 percent of the nation's GDP in 2010, has decreased and is predicted to be less than 1.5 percent of GDP by 2020 (Cabinet Office 2016).

Will Abenomics be able to overcome the seemingly insurmountable long-term recession of the past twenty years, for which Abe's foreign and security policy—the "Abe Doctrine"—became a turning point? What makes the Abe administration's growth strategy different from the economic policies that his predecessors have instituted for the last twenty years since the end of the bubble economy? This paper sheds light on significant aspects of Abe's policy ideas, his reforms of existing structures, and the nature of the policy governance in his growth strategy. The government's role in pro-developmental states has become a controversial subject and has been discussed in terms of ideological background, economic achievements, political context, and circumstantial factors. This study concentrates on Abenomics' achievements in microeconomic (rather than macroeconomic) planning.

Political Economy of Economic Crisis and Reform: The Context of the Abe Administration

Reforms and growth policy to cope with the continuing economic crisis since the collapse of the bubble economy in the early 1990s were the most important policy tasks in Japanese politics. To halt the long-term recession, mainly resulting from deflation, the Japanese government carried out full-fledged economic reforms, such as easing regulations to promote market competition, restructuring insolvent companies, instituting financial reforms, downsizing the government's role in the market, restructuring the education system to increase national competitiveness, and reforming labor and industrial policy. However, in spite of this multilateral approach, the Japanese model, which became known as a successful economic model after the Japanese economic miracle, began to arouse skepticism and even suspicion (Chiavacci and Lechevailer 2017; Elder 2003, 159-90; Kuk Min-ho 2016; Pekkanen 2004, 363-88; Vogel 2006). Industrial policy is government involvement in the market that affects the distribution of economic resources. The Abe administration's newly enacted policies include restructuring companies, easing regulations, and adding financial and institutional reforms; these are all ecumenical policies that other countries also adopt (Rodrik 2006, 2008), but Japan's case is distinct and notable because the government's role has changed tremendously due to the nation's experiences with the economic crisis and its economic reforms since the era of rapid growth.

The role of the government in economic development in East Asia, including Japan, as the "developmental state" has attracted attention as state-society relations differ from the West. In the postwar period, the Japanese government was a scrupulous, rational-planning actor. It prioritized economic strategy above other elements of the national agenda and controlled the entire process, from recruiting competent officials to enacting actual plans for economic development. As the 1955 system came into play, the Liberal Democratic Party (LDP)-dominant political system started to distribute and reproduce resources bases on political interests. This was based on the Japanese developmental coalition, which consisted of a triangle of relationships among political groups, the government, and companies. Pilot agencies such as the Ministry of Treasury and the Ministry of International Trade and Industry (MITI) intervened in the market by using financial instruments and regulatory means to foster strategic industries. These institutions were also empowered to coordinate long-term economic planning between the government and private companies by using administrative guidance and policy networks.

Since the early 1990s, however, policy failures have been recognized as the main cause of the economic crisis, and as the political conditions and external economic environment have changed, the Japanese economic system has begun to change too. Subsequently, the 1955 system was no longer in force; when it was finally demolished in the 1990s, this act threatened the LDP's dominance, and the role of politics in dealing with the crisis became more important. In an effort to reduce the government's role in the market and, in turn, to pursue a market-driven economy, the Ministry of Treasury and MITI, which have led economic development, reorganized into the Ministry of International Trade and Industry (METI). Meanwhile, the diversification of social relations attenuated the impact of the government-led policies. In addition, the Plaza Accord in 1985 resulted in large-scale financial reforms that gave the Japanese companies more opportunities to expand in the international economy while also increasing companies' reliance on the Japanese government's capital and technology development. The global international economic order and the imposition of trade pressures hindered the Japanese government's financial policies that supported specific industries in the domestic economy. The most important agenda at that time was to spread neoliberal economic ideas. Japan's national economic crisis was the impetus to accelerate the nation's reforms of its political and economic systems, as well as to help Japan turn into a neoliberal society by eradicating excessive regulation, economic bureaucracy, cozy ties between business and politics, and policy failures. Nonetheless, the aftermath of the Japanese model remains, even after these economic reforms (Stubbs 2009). Truly, since the 1990s, these reform policies have begun to erase traditional industrial policies, such as new industry protection, political financing, government regulations that restrict competition and market entry, and export subsidies. However, other policies for specific industries, as well as those to support research, reduce taxes, provide human resources, and fund new industries have remained. In 2013, the Industrial Competitiveness Enhancement Act was passed; it alleviates excessive competition in the market and creates government-led industrial policies to support selected industries.

The roles of the government for economic development after the developmental state in which government-led plan rationality is mixed with market rationality are threefold: the decline and transformation of the developmental state, the change and sustainability of the developmental state, and the liberal developmental state (Pak Sang-yŏng 2015).[1] Some scholars believe that Japan's economic crisis during the 1990s was actually a definite signal of the decline of the developmental state and Japan's entering into neoliberalism as a temporal phenomenon in the transition into another stage. Meanwhile, for the believers of transformation and persistence, the developmental state model was deeply rooted in social ideology, institutions, and relations, and thus it still existed because it constantly transformed itself. Concepts such as adaptive, flexible, and democratic developmental states are reifications intended to explain new properties and concepts that were born from the dialectical relationships between the developmental state model and neoliberalism (Ó Riain 2000, 157-93; Wong 2004, 345-62). Indeed, all three types of developmental states can be applied to the Abe administration's active involvement in the market and to its use of industrial policies to overcome the national crisis.

The Koizumi cabinet, which pursed reforms under the motto, "Let the market do what it can do," was a turning point in reducing the government's intervention in the market and expanding the market-driven economic order. The Koizumi administration propounded "no economic recovery without structural reform." Under this motto, it revived regulations against business

1. Pak Sang-yŏng enumerates three concepts regarding the coexistence of the developmental state and liberal-market systems: residual, path-dependent, and synthetic hybridity.

Table 1. Disputes over Japan's Developmental State Model

Developmental State (pre-1990s)	Criteria	Post-developmental State (post-1990s)
Ministry of Treasury, MITI	Pilot agency	METI
Promotion of strategic industries (comparative advantage)	Policy goals	Promotion of strategic industries and competitive advantage (competitiveness improvement)
Policy loans and export subsidies	Financial instruments	R&D investment
Tax reduction on investments and exports	Tax system	Tax reduction
Entry regulation and competition-distortion	Competition policy	Public sector reduction, alleviation of excessive competition, and market restructuring
Public sector expansion, (formal and informal) regulation	Corporate policy	Improved corporate governance and eased regulations
Labor exclusion and regulation	Labor Policy	Labor market flexibility
Protectionism (of new industry)	Trade policy	Free trade
Promotion of government-led strategic industries (plan-rational)	Market intervention	Market-driven strategic industries (market-rational)
Administrative guidance	Intervention method	Administrative guidance

Crisis and Transformation of the Developmental State	Change and Sustainability of the Developmental State	Liberal Developmental State
• Conversion into the market system • Provisional and exceptional market intervention • Conversion into neoliberalism	• Path-dependent persistency • Policy ideas, persistence of socioeconomic policies based on mercantilism	• The third model (combination of developmentalism and neoliberalism) • Interaction between economic structures and politics

investments and made the labor market more flexible. It abolished and/or transformed 136 of 163 government-affiliated administrative bodies. Some became independent corporations in an effort to create a more efficient public sector and to reduce fiscal expenditures. The Koizumi administration also liquidated poorly performing loans and pushed for postal reforms to normalize the financial market. These resolutions brought about a recovery in investment and production (Cho Cha-uk 2009). Bill Emmott (2007) explained that the Japanese economy was transformed into a neoliberal system through Koizumi's reforms, which was explained as a factor of the "resurgence of Japan." Koizumi's cabinet established the Council on Economic and Fiscal Policy as a key institution to lead the economic reforms; the national institution-led policy was correspondingly residual in the transition from the developmental state to neoliberalism. Vogel (2006, 213-15) argued that the Koizumi model cannot be completely explained by either the US model or the Japanese model. Instead, it contains a mix of qualities from both the developmental state model and market economic system. According to Vogel, the hybridity of Japan's economic system stems from interactions among the "three rationalities": market rationality, institutional rationality, and social rationality. To explain this, Koizumi's reforms are indebted to the interactions among market pressure for transaction cost reduction, economic agents' cost-benefit behaviors reacting against the system change, and the cost of social reputations and norms. These reforms changed the Japanese model, which began to be characterized as selective, differentiated, and open but did not wind up converting fully into the American model.

In effect, the major question in Japanese studies since the 1990s has been what the Japanese government has done to overcome its twenty-year recession that almost no other countries experienced. Although some have examined aspects of the transition between the decline and conversion of the developmental state model and the hybridity of the market-driven and government-driven models, previous studies have been inclined to pay more attention to the structures' characteristics and to the models' macro-level achievements. That is, they have focused on the actions and conditions that motivated these policy processes, which remain a gray area. However, an examination of transitional characteristics cannot convincingly explain the consolidation of the government-led growth strategy, especially that of the Abe administration. Furthermore, the emphasis on the "hybridity" of the two different models cannot reveal what makes the Abe administration's strategic policies different from those of "path dependency" (Pak Sang-yŏng 2015, 32). These two perspectives not only regard the market as a structural condition, but also focus on reciprocal relations between economic agents and the system by defining the government in a limited manner as a principal agent that controls the system. This study is meant to examine how the Abe administration has played a leading role in reifying "plan rationality" as a means to get over the long-term economic slump, even after Koizumi's market-driven policies. I also analyze the nation's industrial policies—in particular, promoting selective industries and industrial restructuring—from comparative and historical perspectives. By focusing on policy ideas, industrial legislation, and policy governance, I show the persistence of and ruptures in the Abe administration's growth policy in the context of Japan's economic growth strategies.

First, the policy idea is a recognition of the policy objectives and the role of the government to overcome the economic crisis. Industrial policies that affect the allocation of economic resources arise from the perception of a desirable industrial structure (Okimoto 1989, 238). That is to say, industrial policy is a self discovery process of reorganizing the industrial structure to maximize its potential growth and to minimize inefficient transaction costs. In fact, the growth policies that Japan has enacted since the 2000s have been aimed at three issues: underinvestment, excessive competition, and excessive regulation. Regulation reform was a passive way of affecting the distribution of economic resources. For this reason, the government continued to be more directly involved in the market through investment expansion, technical development, and strategic industry promotion; a mere partial change in the system through regulation reform would have not enabled the market to sufficiently distribute economic resources. Before the Abe administration, each cabinet had shared two goals and had constantly pushed for growth strategies. One of these goals was to recover the market's functions and the other was to seek a role for government in replacing certain functions of the market.

Second, while policy ideas are associated with the question of *what* problems should be solved, industrial legislation is more focused on *how* to solve the problems. Industrial legislation is a legal basis that is embodied by and institutionalized within the government's authority and function.[2] Basically, the system is a cognitive schema in which awareness of a social phenomenon spurs regulations against them accordingly (Abdelal, Blyth, and Parsons 2010). Therefore, industrial legislation includes not only policy ideas, but also ideas regarding the transformative processes of creating policies; in this system, the policy elites' beliefs are reflected and their experience is accumulated over vast lengths of time. The institutionalization of policy ideas is crucial in two ways.

2. Refer to Yoon Dae-yeob (2012, 195-221) for institutionalist discussions of industrial legislation and government-led industrial policy.

Most importantly, legislation systematizes the government's authority regarding the designated goals and means of industrial policy. In particular, direct policy methods such as authorization and financing can affect potential conflicts during policy processes. Moreover, policymakers, institutions, and other actors can overtly learn an institutionalized idea.

Third, policy organization can answer the question of who solves the problem of reforms. Indeed, the primary goal of Japan's administrative reforms since the 1990s has been to intensify the cabinet's policy capability. However, at the same time, these administrative reforms have been meant to redeem the government for the failures of the LDP-dominant one-party system and bureaucracy (Pak Sŏng-bin 2010, 219-37). In the meantime, the central government has shrunk and cabinet offices have been established to consolidate the cabinet's policymaking and practices, thus endowing more power to the prime minister. However, the administrative reforms have clearly failed to alleviate the tensions between the government departments that are carrying out the policies. In fact, cabinet consensus and a strong, vertically divided administration between departments have been the two traditional pillars of the bureaucracy-led policy system. Thus, the establishment of a new policy body that mediates between the government and companies and also plans and executes the relevant policies seems to be required to free the system from the old conventions. I will explain the discontinuous characteristics of the growth strategy of the Abe cabinet by analyzing the prime minister-led policy structure that is responsible for planning, promoting, and coordinating growth policies.

Formation and Transformation of the Idea of Growth Strategy

In 2013, the Abe administration approved and announced a ten-year economic recovery plan that runs through 2022. The main purpose of this plan was to achieve an average of three-percent nominal GDP growth (two-percent real GDP growth) over those ten years. The administration pushed forward with aggressive quantitative easing and financial investment as macroeconomic policies to trigger two-percent inflation and escape from the nation's twenty-year-old trajectory of deflation. Another agenda for the administration was to resolve three issues—underinvestment, excessive competition, and overregulation—through full-fledged restructuring and an active growth strategy, which would eventually lead to GDP growth. The goal of the Japan Revitalization Strategy, which was revised in 2015, was to raise Japan's GPD to 600 trillion yen by 2020. Japan's GDP had hit 533 trillion yen once, in 1997, but it had plummeted to 492 trillion yen by 2009. As a result of this plan, Japan's GDP experienced positive gains, reaching 537 trillion yen in 2016. This achievement appeared to prove that the Abe administration's growth strategy was working well. The characteristics of the Abe cabinet's growth strategy can be summarized in three broad categories.

First, the Abe administration has continued elaborating on its ideas by issuing more detailed plans each year. When the Japan Revitalization Strategy, entitled "Japan is Back" was first announced in June 2013, it received international attention (Abe 2013b). Since then, Abe's cabinet has modified the policy and changed the slogan every year to reveal the agenda's new directions and goals: "Future Challenges" (2014), "Investment toward the Future and Productive Revolution" (2015), "Toward the Fourth Industrial Revolution" (2016), and "Revolution for the Realization of Society 5.0" (2017). Abe approved "Investments for the Future 2017," the fifth version of the strategy, at a cabinet meeting in June 2017. Investments for the Future 2017 includes five indications for the pursuit of long-term growth: (1) It clarifies the support and aid for strategic fields such as healthy life extension, vehicle revolution, network reform for supply and production, improvement of socioeconomic infrastructure, and innovative financial services (e.g. Fintech). (2) It entails constructing a vast data-friendly ecology that embraces fields such as artificial intelligence (AI), big data, and information technology (IT) to support the fields listed above. (3) It particularly stresses the need for regulatory and administrative reforms that lead to comprehensive social renovation. (4) It specifies that corporate governance reform will contribute to better policy efficiency. (5) Lastly, it emphasizes cooperation among the private sector, academia, and the government to create smooth flows within human resources, products, data, and capital.

It is notable that the name of the growth strategy changed from "Japan Revitalization Strategy" to "Future Investment Strategy" and the policy tasks for fostering the five strategic industrial sectors were classified into two groups: policy sectors and institutional sectors. The policy tasks included the establishment of a data foundation, the promotion of education and human resources, the construction of an innovative ecology, and the use of venture capital. To release these expansive regulations for the new strategic fields, other fields (the sandbox system, corporate governance, system administration, and IT related fields) were also reformed. The growth strategy before 2017 was designed to have three plans: the Plan for the Revitalization of Japanese Industry, the Strategic Market-Creation Plan, and the Global Outreach Plan. However, the 2017 policy and institutional reforms added more tangible goals to ensure effective practice and function in the real world. Namely, the Abe administration

Table 2. The Abe Administration's Policy Ideologies from 2013 to 2017

Year	Slogan	Core Strategy	Details
2013	"Japan Is Back"	Plan for the Revitalization of Japanese Industry	• Shuffle business and create industry-based regulatory reform • Focus on human resource development and labor market flexibility • Promote science and technology • Become a world leader as an IT society • Renovate small and medium-sized companies
		Strategy of Market Creation Plan	• Achieve a healthy, long life expectancy • Develop clean and economic energy • Create infrastructure for future generations • Vitalize local resources and economies
		Strategy of Global Outreach	• Establish strategic trade relations and economic cooperation • Make plans to successfully join the global market • Organize a funding system to support the national economy
2014	"Future Challenges"	Recovery of Japan's Earning Power	• (1) Consolidate corporate governance • (2) Review and evaluate formal and semiformal uses of funding • (3) Vitalize industrial metabolism and support venture capitals • (4) Reform corporate taxation • (5) Create robotics revolution
		Creative, Economically Active Population	• (6) Support women's power • (7) Reform labor conditions • (8) Utilize foreign labor
		Fostering Local Business as a New Growth Engine	• (9) Develop agriculture, forestry, and fishing • (10) Vitalize the health industry and health care services
2015	"Investment toward Future and Productivity Revolution"	Productivity Revolution via Investment in the Future	• Encourage entrepreneurial actions to improve earning power • Prepare for the challenges of the new era (the Fourth Industrial Revolution) • Develop individuals' potentials (focusing on labor, women's skills, and education)

Table 2. (continued)

Year	Slogan	Core Strategy	Details
		Local Abenomics	• Renovate small and medium-sized companies, as well as old companies • Vitalize service industries and increase productivity • Allow agriculture, fishing, medical and nursery facilities, and tourism to be key industries • Ensure that local governments fulfill the required new roles
		Reform 2020	• Construct problem-solving systems using technology • Establish new environments to attract foreign tourists • Expand direct investments and improve business environments
2016	"Toward the Fourth Industrial Revolution"	Project 10 to Reach a GDP of 600 Trillion	• Find ten new, emerging markets • Implement local Abenomics • Reboot consumer power in the domestic market
		Regulatory System Reform for Productivity Revolution	• Introduce new mechanism for regulatory and system reforms • Utilize national strategic zones • Strengthen corporate governance • Open up assets such as PPP and PFI to the private sector
		Develop Human Resources that are Innovative and Adventurous.	• Support innovative venture capital firms • Develop human resources • Support women and reorganize labor environments
		Pioneer Growing Global Market	• Help small and medium-sized companies make inroads in the global market through the TPP • Expand exportation of infra-systems • Make direct investments in domestic and international markets • Encourage economic cooperation and investment treaties
		Utilize Renovative Momentum	• Enact the Renovation 2020 Project

Table 2. (continued)

Year	Slogan	Core Strategy	Details
2017	"Revolution for the Realization of Society 5.0"	Five Strategic Fields	• Achieve healthy long life expectancy • Create a vehicle revolution • Reform supply and production networks in the supply chain • Improve infrastructure and establish economically viable villages • Fintech
		Horizontal Tasks	• Create original sources of value by foregrounding data utilization, emphasizing education and human resources, and setting up a virtuous circle, resulting in innovative ventures • Use regulations to maximize value through a regulatory sandbox, regulatory reforms (simplifying the administrative process, integrating IT, and increasing earning power), and corporate-governance reforms, open public service and assets to private-sectors)
		Establish a Virtuous Circle in the Local Economy	• Reform old companies and small and medium-sized enterprises • Develop agriculture, forestry, and fishing • Support the fields of tourism, sports, and arts and culture

Source: Shushō Kantei (2013, 2014, 2015, 2016, 2017).

developed its policy strategies under the influence of actual economic conditions and the results of previous policies. In effect, when the Abe administration announced the "Japan is Back" project in 2013, it faced criticism because the policy targets were ambiguous and simply a list of all policies. These criticisms were plausible because the three agendas seemed more focused on resolving Japan's general economic problems than on suggesting particular ways in which the Japanese economy could grow and develop. In addition, it was difficult to find any clear differences between the Strategic Market Creation Plan in particular and previous economic projects such as the 2010 New Growth Strategy and the 2012 Revitalization Project (Hoshi 2017). Accepting those concerns, the Abe administration modified the 2013 version in June 2014, keeping the three overarching frameworks but adding details for the recovery of corporate profitability. As listed in table 2, there are ten aspects to this plan: (1)

consolidate corporate governance, (2) review and evaluate formal and semiformal uses of funding, (3) vitalize industrial metabolism and support venture capital, (4) reform corporate taxation, (5) create a robotics revolution, (6) support women's power, (7) reform labor condition, (8) utilize foreign labors, (9) develop agriculture, forestry, and fishing, and (10) vitalize the health industry and health care services.

In 2015, the Abe administration announced a new growth strategy by identifying the next step. The 2015 version was transformed into a supply policy to solve the problem of deflation and to sustain growth. It eradicated regulations in the supply sector and revamped the production sector. To achieve this goal, two other projects—Investment in the Future for Advanced Productivity and Local Abenomics—were also suggested. As a result of this supply policy, corporate earning power increased and bankruptcies decreased, thus alleviating deflation and eventually engendering a virtuous circle of economic growth. However, as the labor population has decreased, due to low birthrates and an aging society, this growth has stagnated. Therefore, the 2015 growth strategy dealt with the declining labor population with more sensitivity, considering this to be as a major obstacle on the supply side. Hence, the 2015 version verified the importance of investment in the Fourth Industrial Revolution, including in fields such as robotics, IT, big data, and AI; it also emphasized labor market flexibility and education reform to give women more power and enhance professional human resources. Additionally, regulations for small and medium companies were eased and the government's support for local economies was enhanced in the 2015 version.

The revised growth strategy in August 2016 was defined as a full-fledged second stage growth policy after the reshuffle of the cabinet. The Abe administration was satisfied with its projects from 2013 through 2016 mostly because they led to regulation reforms in electric power, agriculture, and health services—all formerly sacred realms for regulations. In the 2016 version, the Abe administration added ten goals to encourage cooperation between the government and the private sector so as to ultimately create promising markets: (1) prepare for the Fourth Industrial Revolution (Society 5.0), (2) develop high-tech healthy nation, (3) invest in environmental-friendly energy, (4) encourage the sports industry, (5) distribute housing and restore old housing, (6) improve the productivity of service industry, (7) create reforms for agriculture and imports, (8) promote the tourism industry, (9) elaborate on the projects for the 2020 Tokyo Olympics and the Paralympics, and (10) enhance consumer power through cooperation between the government and the private sector.

Another unique aspect of the Abe administration's policy-making processes was that it reviewed its aims and the results of the policies and reformed them accordingly. As mentioned above, the primary agenda for government-driven economic policies since the 1990s had been to resolve three problems: under-investment, excessive competitiveness, and overregulation. Underinvestment originated from Japan's financial crisis, and it was the result of insolvent debts incurred after the bubble economy collapsed. In those times, Japanese companies struggled with excessive debt and excessive equipment, which led to a decrease in the equipment investment rate. Furthermore, implemented deflation and the 2011 Great East japan Earthquake generated pessimistic views of the economy. In a vicious cycle, this profound, growing skepticism reduced equipment investment among Japanese companies. The corporate investment in equipment was sixty-seven trillion yen in 2012, a decrease of nine trillion yen from seventy-six trillion yen in 1997; this decline added fuel to the long-term slump (Kim Kyu-p'an et al. 2016, 34-36). Overregulation has been a controversial issue in economic reform since the 1990s. In particular, regulation of the labor market, medical and health systems, agriculture, and electric power are sensitive issues, despite the fact that these fields were apt to hinder the creation of new markets and new technologies. In his keynote at the Asia-Pacific Economic Cooperation (APEC) CEO summit in October 2013, Abe revealed his ambitions regarding regulatory reform by stating: "In order to break through the regulatory regime that has already become solidified like bedrock, both a powerful drill and a sturdy drill bit will be needed. I myself intend to serve as the drill bit" ("Keynote Address by Prime Minister Shinzo Abe," 2013). Excessive competition is another structural problem correlated with underinvestment and overregulation. The acceleration of globalization and free trade has already restructured major companies in leading countries into giant corporations. In Japan, a relatively large number of companies have competed in the major industries such as LCDs, diagnostic imaging equipment, automobiles, petrochemicals, and steel. Thus, the competitiveness has been declining due to overlapping investments and low equipment and R&D investments (Kim Kyu-p'an 2016, 45-47). For instance, in 2011, the average research and development investment of the big three Japanese electronics companies (Panasonic, Sony, and Sharp) was 369.5 billion yen, which is lower than that of the Korean company Samsung Electronics (717.3 billion yen). In the same year, the average equipment investment of the three companies was 1.136 trillion yen, much lower than that of Samsung Electronics.

The Abe administration believed that, by resolving the three main issues, it would be able to create a virtuous ecology that could focus on wage increases and economic growth, so it reformed corporate taxation and legislated certain "national strategic zones." In addition, the Abe administration reformed and reorganized regulations in health and medical systems, energy, agriculture, and travel in order to nurture these fields by promoting new strategic industries. Meanwhile, to solve the issue of underinvestment, the Abe administration was actively involved in revising both the corporate code and the Japanese Stewardship Code, in what it called a soft reform, focusing on companies' results-driven management. Regarding the labor environment, new policies—such as diversification of working patterns, aid for the loss of full-time employment, labor flexibility, reforms for foreign and women laborers, and the promotion of labor productivity—were included in the Abe administration's mission note. As explained previously, the Abe administration's growth policies from 2013 to 2015 focused on resolving these three issues; the next step, Abenommics, which was initiated in 2016, looked at the Fourth Industrial Revolution and fostered future investment through spotlights on new industry markets.

Another significant aspect of the Abe administration's growth strategy is that it includes both continuous and discontinuous aspects relative to the preceding strategies of former administrations. Growth policies had been actively considered and applied in every administration since the Koizumi administration introduced one in an attempt to recover from the nation's long-term recession after the collapse of the bubble economy (Hoshi 2017; Kim Kyu-p'an et al. 2016; Tabuchi 2013). To be precise, the Abe administration's growth policies stemmed from the Koizumi administration's Outline of Economic Growth Strategy, which the Council on Economic and Fiscal Policy, the Koizumi cabinet's government- and ruling party-run policy institute, announced in July 2006. The Outline of Economic Growth Strategy (see table 3) suggested using human resource development, innovative capacity development, and research and development investment to enhance labor effectiveness and productivity. To make this happen, the Koizumi administration created new industries and innovations to strengthen national power, vitalized the small and medium-sized companies while financially supporting new industries and local companies, renovated the IT and service industries, generated new demands through corporatization (privitatization), and built systemic infrastructure for better productivity.

The Outline of Economic Growth Strategy is a synthesis of various growth strategies from the early 2000s, which were dialectically integrated. In 2002, the Industrial Competitiveness Council under METI enacted its "Six Strategies for Greater Competitiveness" and the Council on Economic and Fiscal Policy, which is part of the prime minister's office, voted for "Industrial Exploitation Strategy in Four Sectors." The Industrial Structure Council organized its New Industrial Structure Vision in 2004 and New Economic Growth Strategy in

Table 3. Growth Strategy of Past Cabinet in Japan

Time	Leading Institution	Project
May 2002	Industrial Competitiveness Council	Six Strategies for Greater Competitiveness
October 2002	Council on Economic and Fiscal Policy	Industrial Exploitation Strategy in Four Sectors
May 2004	Industrial Structure Council	New Industrial Structure Vision
June 2006	Industrial Structure Council	New Economic Growth Strategy
July 2006	Council on Economic and Fiscal Policy	Outline of Economic Growth Strategy
December 2009	Council for the Formulation of a Growth Strategy[3]	New Growth Strategy (Basic Policies) toward a Radiant Japan
June 2010	Industrial Structure Council	New Growth Policy
June 2010	Industrial Structure Council	Industrial Structure Vision 2010
September 2012	The Economic Strategy Council	Japan Revitalization Strategy
June 2013	Headquarters for Japan's Economic Revitalization	Japan Revitalization Strategy

2006, based on existing growth policies. The Koizumi administration was able to launch its government-driven growth policies because the cabinet became aware of the importance of aggressive reform policies regarding the market, the labor market, and the public sectors. At the same time, the Koizumi administration faced domestic political risks due to the nation's population decrease and China's participation in the World Trade Organization (WTO) (Kim Kyu-p'an et al. 2016, 44-45).

After Koizumi's retirement in September 2006, the first Abe administration, the Fukuda administration, and the Asō administration each attempted growth policies, although none of them was totally successful due to their short periods in power. After that, the DPJ government set financial integrity, social welfare, and growth strategy as its top three priorities. The Hatoyama administration, which governed from 2009 to 2010, was reprimanded for lacking a bright vision for the Japanese economy, so it rushed to embark on a growth strategy (Chŏng Sŏng-ch'un and Yi Hyŏng-gŭn 2010, 10-18). After introducing its New Growth

3. The chairman of the Council for the Formulation of a Growth Strategy is the prime minister; the office was set up under the cabinet office, METI, and the National Policy Unit. The new growth strategy passed the cabinet council on December 30, 2009.

Strategy (Basic Policies) in 2009, the Hatoyama administration announced another New Growth Strategy in 2010, with the slogan "Toward a Radiant Japan." This New Growth Strategy contained seven themes: environmentally friendly energy; health; the Asian economy; tourism and local business; science, technology, and information; employment and human resource development; and finance. Through this plan, the Hatoyama administration aimed to reach a three-percent increase in nominal GDP, two-percent increase in real GDP, and ultimately achieve a nominal GDP of 650 trillion yen by 2020. Hatoyama established the National Strategic Unit (NSU) to lead these strategies, but this agency did not last that long because of Hatoyama's sudden retirement. After this, the Kan administration took over with its Industrial Structure Vision 2010, elaborating seven strategic themes and twenty-one details, and it introduced New Growth Policy: Reform Hundred to Revitalize Japan in August of the same year. However, the Great East Japan Earthquake and tsunami of 2011 caused Japanese society to fall into deep frustration and panic in 2011, and the Kan administration had to act urgently to provide aid to the damaged districts, help them recover, and return them to normal as soon as possible. The recovery projects were intended to be an exemplary model to the world through pioneering and overcoming frustration. These projects had five purposes: helping the damaged areas recover, promoting green development, solving deflation, abolishing vertical relationships and old-fashioned traditions within the government, and ensuring strict progress management. The Kan administration's recovery projects included a quantitative easing strategy for the first time to increase consumer prices by one percent (Kokka Senryaku Kaigi 2012).

In sum, growth strategies initially appeared in the early 2000s but were restructured with the Koizumi administration's Outline of Economic Growth Strategy. The DPJ government changed the name of this strategy to Japan Recovery Projects. Moreover, in the DPJ version, the leading institution was not a council under METI: instead, it was led by special squads under the cabinet office: the Council for the Foundation for a Growth Strategy and the Economy Strategy Council. It is noteworthy about the Abe administration that its policies and practices are made possible by its long governing period. The Abe administration has benefited from this advantage because it can interact not only with the results of the previous administration's policies but also with its own observations of real socioeconomic conditions. Based on these long-term observations, it has been able to develop and introduce new policies each year.

Industrial Legislation and Government-Driven Policy

The Abe administration's growth strategies have focused on solutions to three issues—underinvestment, excessive competition, and overregulation—that have influenced national goals since the 2000s. The administration shares these goals but has modified and developed them multiple times. However, there are disjointed characteristics between policy organization and policy instruments that promote growth strategies. In particular, what distinguishes the Abe administration from others are industrial legislation and government intervention and the related policy measures.

Industrial legislation is an institutional foundation that allows the government to legally be involved in the market so that it can influence market distribution. Industrial legislation can be either government-driven (plan-rational) or market-led (market-rational) competition. However, either can be an effective policy method that authorizes the government to legitimately engage with the market. Although old-fashioned industry policies were made under informal discretionary authority and/or administrative guidance, more recent economic and social reforms (largely since the 1990s) have been under MITI and METI, which were reorganized several times in this era. Examining the institutionalization of industrial legislation since 2000 can help comprehensively illustrate the Abe administration's strategy in light of its ideology, authority, methods, and institutional discretion, as its strategy has continuously replaced or substituted for the market's role.

In the 1970s, the Japanese government began to intervene in the market by restructuring declining businesses and underperforming companies. Since then, the government has enacted industrial laws such as the Act on Temporary Measures Concerning Stabilization of Designated Depressed Industries (1978), the Designed Industries Structural Revision Extraordinary Measures Law (1990), and the Innovation Law (The Temporary Law Concerning Measures for the Promotion of the Creative Business Activities of Small and Medium Enterprises) (1995), the latter of which was meant to help the nation recover from the depression. In 1999, the Special Measures for Industrial Revitalization Law (SMIRL) was announced to resolve the three main issues of underinvestment, excessive competition, and overregulation, all of which were considered the major factors in delaying the recovery of the Japanese economy. The purpose of SMIRL was for the government to become involved in and gather support for the industrial reorganization of Japanese companies. Originally, SMIRL was supposed to be in force for only five years, but it was revised and extended two times in 2003 and 2007. After the DPJ cabinet came into office in 2009, other

Table 4. Enactment and Amendment of Industrial Legislations

Time	Name and Main Contents of the Legislation
August 1999	• The Law on Special Measures for Industrial Revitalization and Innovation (LSMIRI) • Restructured the economy to enhance productivity: in force until 2003
April 2003	• Revision of the 1999 version of LSMIRI • Extended LSMIRI until 2008 • Established the Industrial Revitalization Commission
August 2007	• Partial revision of the 2003 version of LSMIRI • Extended SMIRL until 2016
April 2009	• Complete revision of the 2007 version of LSMIRI • Established the Innovation Network Corporation of Japan (INCJ)
May 2011	• Partial revision of the 2009 version of LSMIRI • Intended to strengthen national power and enhance strategic reorganization of industries
December 2013	• Industrial Competitiveness Enhancement Act • Enacted in January 2014

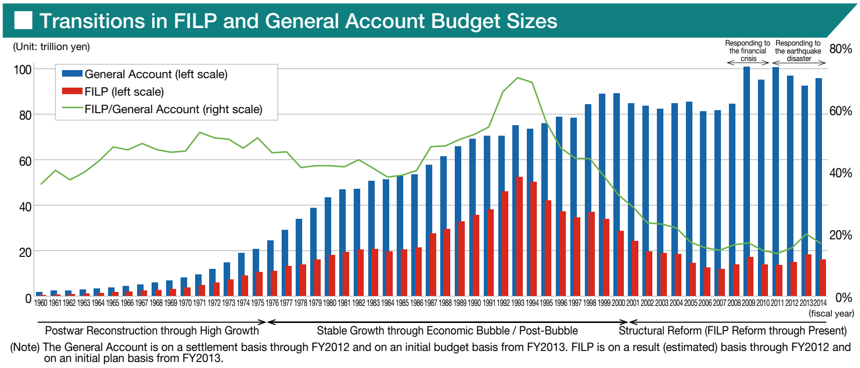
details related to industrial-structure reform, productivity improvement, and promising new industry enhancements were added to the law. Later in 2013, the Abe administration introduced the Japan Revitalization Strategy, which was based on the “three arrows” of Abenomics. To branch out from this governmental project, the Industrial Competitiveness Enhancement Act was enacted. This act specifies an increase in private investments to foster industrial metabolism, reform overregulation to create a friendly environment for prospective industries, and resolve excessive competitiveness to promote international economic power and profitability. This act has three notable points.

First, the Industrial Competitiveness Enhancement Act indicates that its purpose stems from a government-driven growth policy. The primary motivation for the act was for the government to support small and medium-sized companies and to establish an industrial innovation system to “rebuild new businesses, reutilize managerial resources, merge managerial resources, and renovate resource productivity.” Ultimately, this act is rooted in the belief that enhancing productivity is a prerequisite for constant, long-term economic growth. In the act, a leading agency is appointed for the business sector and the government only has to support economic activities. Article 1 of the Industrial Competitiveness Enhancement Act stipulates, “This act legislates the roles and responsibilities of national and business sectors, and thereby designates practical plans to consolidate industrial power." In particular, Article 4 and Article 5 highlight the responsibilities of the government and business sectors in resolving the three issues listed above and in fostering industrial power. These articles explicitly state that the missions of the government are to observe and evaluate the industrial sector; the nation should carry on with valid and prompt strategies to improve that sector. This statement, which stresses the government's role, is different from the stance about the government's auxiliary role in the Japan Revitalization Strategy. Furthermore, Article 6 and Article 7 of the Industrial Competitiveness Enhancement Act contain provisions about "practice-evaluation-modification" procedures, which refer to the idea that the cabinet and prime minister have responsibility for devising practical plans, evaluating annual achievements, and eventually revising and modifying legislation. In principle, the act was meant to be in force for five years starting in 2013, but Section 4 in Article 6 states that the act needs to be modified every three years. In reality, the amendment has been annually updated. This periodic cycle of practice-evaluation-modification clearly bestows authoritative power on the government and the cabinet in particular, and this cycle is oriented toward "plan-rationality."

Second, the Industrial Competitiveness Enhancement Act reinforces the policy authority of the government to intervene in the market for industrial policy purposes. In fact, the Japanese government has attempted financial reforms and restructuring to eliminate excessive competitiveness and help underperforming industries since the 1990s, but these strategies have not worked well. The nation's main banks merged in the late 1990s as a financial reform strategy, and the Japanese government tried to regulate the market through a consolidated statement of financial position, asset evaluations of financial institutions, and restructuring of businesses through tax breaks, financial support, the Antimonopoly Act, and corporate law benefits. In principle, the Japan Revitalization Strategy clarified that the business sector plays a leading role in restructuring business and strengthening competitiveness and that the government is in charge of assisting and supporting all the plans. In the real world, however, a number of constraining factors have affected the business sector's restructuring. This is because many of the companies wanted to retain the status quo or even downsize. In addition, many minority shareholders were limited in terms of their management participation, and their lack of participation discouraged businesses from restructuring. Regardless, only a few companies were sturdy enough to overhaul their business at that time (Arita 2013, 31-39). To remedy these shortcomings of the Japan Revitalization Strategy, the Industrial Competitiveness Enhancement Act revised many details, adding a reflection on each stage of the entire business cycle—establishment, growth, maturity and post-maturity. In particular, it is different from the previous legislation in that it clarifies the authority of the government to directly adjust, in addition to tax incentives, financial support, corporate law, and antitrust laws to support business-led restructuring.

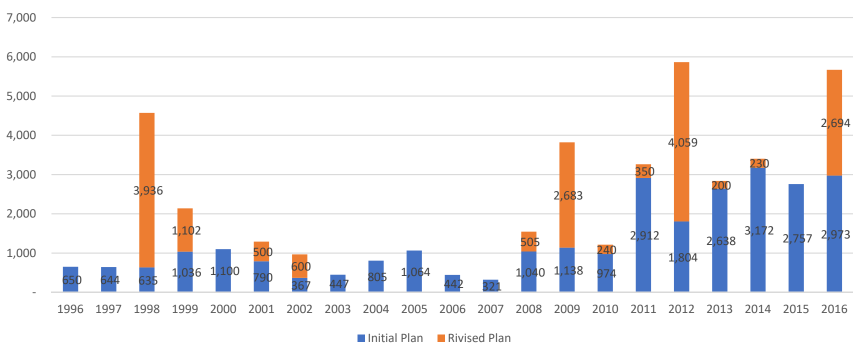
According to Article 50 of the Industrial Competitiveness Enhancement Act, the government conducts investigations of the market's structure, creating relationships between supply and demand tendencies, as well as determining whether the oversupply structure is at fault when a business sector needs to be restructured. This article even guarantees the government's authority to restructure businesses when the business sector itself does not make progress. Based on this article, investigations of the petroleum refinery industry and the steel industry were conducted in 2015, and plans for investigating the mixed-feed industry were announced in 2016. The investigations showed that the average operation rate of all these industries was approximately fifty percent and that the price competitiveness of these industries was also low due to excessive competitiveness (Kim Kyu-p'an et al. 2016, 81-82). As such, the fact that the Japanese government releases the information about the over-competitive market is *de facto* administrative guidance that encourages (or hinders) the business sector to participate in restructuring.

The DPJ administration once attempted to get involved in the market by utilizing government funds to reorganize the market and eliminate the excessive competition of the past. The Innovation Network Corporation of Japan (INCJ) is a public-private investment fund that was established in July 2009 to restructure businesses; it had an initial capital of two trillion yen. In 2016, its total capital accumulation was 300 billion yen, of which the Ministry of Finance possessed 95.33 percent as stocks, with the rest of it divided among the Development Bank of Japan (DBJ) and joint investments in twenty-six private companies (Sangyō Kakushin Kikō 2016). The INCJ is an investment institution whose roles include conducting research and development on the environment and biotechnology, both crucial fields in Japan, and commercializing the related technologies. The INCJ also financially aids start-up businesses, AI, IT, health and medicine, and other rising industries. Since its establishment, the INCJ has grown by entering the fields of business restructuring and technological innovation. It has been engaged in 114 businesses and invested nearly 984.9 billion yen through 2016. For example, in 2012, the INCJ merged three companies in the LCD panel industry (Sony, Toshiba, and Hitachi), and became the largest shareholder by acquiring seventy percent of the total stocks. After that, the INCJ soon established Japan Display Inc. (JDI), which consequently



Source: Ministry of Finance FILP Report (www.mof.go.jp).

Figure 2. Changes of FILP and General Account Budget



Source: Compiled by author with data from Financial Bureau, Ministry of Finance (2016), and Zaimushō Rizaikyoku (2013).

Figure 3. Industrial Investment in FLIP of Japan, 1996-2016 (Hundred Million Yen)

reconstructed the Japanese electronics industry. Lately, the INCJ has even attracted attention in Korea by organizing a consortium with Korea, US, and Japan. The INCJ also played an active part as the first negotiator in Toshiba's memory chip industry.

While the INCJ is a strategic finance institution that follows the market, the Fiscal Investment and Loan Program (FILP) is a policy tool by which the government directly offers credits for the industrial policy. In the past, the Japanese government used to utilize strategic finance institutions to promote strategic industries, as well as small and medium-sized companies. However, as FILP became eighty percent of the entire government's budget in the late 1990s, as shown in table 2, serious problems arose, including inefficient distribution of resources and financial strain (Pyŏn Hyŏn-su et al. 2016). The aspiration for policy finance reforms began to wane as the Koizumi administration took office in 2001 because the cabinet's main interests had changed. The Koizumi administration gave major responsibilities and roles to the public sector, even as it privatized the post office and other special corporations and restructured financial institutions. Basically, FILP funds are spent in three ways: fiscal loans, industrial investments, and government guarantees. Fiscal loans offer joint funding that is combined with FILP bonds, one kind of national debt, and with local governments' and independent administrative institutions' reserves. Industrial investments provide credits for strategic projects in the private sector, which was suffering from financial difficulties; these are funded by dividends from the stocks of government owned corporations (e.g. Nihon Telegraph and Telephone [NTT] and Japan Tobacco). The government guarantee literally means that bonds and loans issued by FILP are secured by the government. Indeed, industrial investments have dramatically increased since the start of the Abe administration. Even though the average industrial investment total was 763 million yen from 1996 through November 2010, the government has added 2.916 billion yen since the Asian economic crisis and 2.683 billion yen since the global financial crisis of 2009, and 4.059 billion yen after the Great East Japan Earthquake of 2011. As soon as Abe returned to office in 2013, the average sum of industrial investment reached 2.992 billion yen, four times the average from 1996-2010, and this money was spent on industrial innovation.

Lastly, it is worth paying attention to the role of policy innovation. Policy innovation was intended to be pursued during the twenty years after the collapse of the bubble economy, but the fundamental idea was contrary to the market-economy order. The Abe administration's regulation reform began with criticism that overregulation had severely discouraged innovative management in corporations and hindered the promotion of strategic industries. To deal with this systemized overregulation, the Abe administration made provisions (the Special Provision for Company Certification and the Grey Zone Release) as part of Article 3, Sections 8-15, of the Act on Strengthening Industrial Competitiveness. The Special Provision for Company Certification exempts companies in the safe zone with stable revenue and business prospects from regulations. Once a company requests an exemption, departments under METI review and evaluate each case and then send a notification of the result. When the Special Provision for Company Certification conflicts with other existing regulations, it is supposed to be prioritized. Once all elements have been accorded with this provision, government departments are authorized to release or eradicate the regulations. Although the Special Provision for Company Certification has the potential to adjust the chasm between preexisting regulations and new potential industries, the Grey Zone Release prescribes new regulatory strategies for new cases. In other words, a company can simply state to a department under METI whether or not its business will be covered under the regulations. When such a request is accepted, the department has the responsibility to investigate and respond to the petitioner. This two-way communication is obviously different from the previous, "no-action letter" system. The Abe administration's Investments for the Future 2017 strategy clarifies that sandbox regulation reform is a national strategy, verifying that new industries in the national strategic zones are not covered under the current law. Once approved, potential industries can benefit from adventurous investments and advanced research under a regulation-free environment.

Politics-Centered Policy Structure and Governance

Now we need to take a look at the buttresses that sustain Abe's policy capacity. As explained, even before Abenomics, there were numerous regulation reforms, strategic industry promotions, and reorganizations of the industrial structure, but most of them failed to revive Japan's declining economy. But the Abe administration's policies appear fairly successful as of today, and we need to think about what is new and secret in these strategies. Since the 1990s, policy capacity in the world's leading countries' economies are evaluated upon how each country immediately reacts against actual economic conditions in the pursuit of neoliberalism and then how they transform their existing policies. As the world has become more democratic and civil society has spread, global companies have grown. Thus, the government's capacity in designating and enacting policies, which was given as an independent and stable role for the government for a long time, became hard to predict. In particular, since Japan applied the Single Member Districts (SMDs) and the Proportional Representation System (PR), partisan politics, which is deeply rooted in pork barrel politics, can no longer retain its power tactics. In contrast, the system change led median voters to become more sensitive about their political interests (Rosenbluth and Thies 2010). Technically speaking, the system change was caused by worldwide socio-political transformations, and this change reduced the government's authority and ability to interrupt the market. Therefore, the most urgent economic goal after Asia's and Japan's huge economic crises was to strictly judge government failures and, alternatively, suggest regulatory and administrative reforms. In

Table 5. Abe Administration's Growth Strategy Policy Organization

Organization Title	Function	Body	Date of Establishment
Headquarters for Japan's Economic Revitalization	Top organization for growth strategy	Prime minister (director), cabinet minister	Dec 2012
Council for Industrial Competitiveness	Affiliated organization under Headquarters for Japan's Economic Revitalization	Prime minister (chairman), cabinet minister, private members	Jan 2013
Public-Private Partnership for the Future Investments	Affiliated organization under Headquarters for Japan's Economic Revitalization	Prime minister (chairman), cabinet minister, private members	Oct 2015
Council on Investments for the Future	Integrate council for industrial competitiveness and public-private partnership	Prime minister (chairman), cabinet minister	Sep 2016
The National Strategic Special Zone Council	Prime minister advisory body (The National Strategic Special Zone Law Chapter 5)	Prime minister (chairman), four economy-related ministers, five private members	Dec 2013
Public-Private Expert Council for Promotion of the Fourth Industrial Revolution	The fourth industrial revolution public-private partnership	Prime minister (chairman), cabinet minister, private members	May 2016
Council on Economic and Fiscal Policy	Macro-economy policy committee	Prime minister (chairman), cabinet minister, private members	Dec 2012

Source: Cabinet Office, Government of Japan (http://www.cao.go.jp/council.html).

2001, the Ministry of Treasury, which was used to dominate expansive matters of the Japanese economy after the war, was downsized. MITI, which was the pioneering institution for industrial policies, was reorganized under METI. These transformations of the key institutions were meaningful signals to alert that the government's role in the market was shrinking.

Swimming against the tide of downsizing government, the prime minister-centered policy governance became consolidated in the course of the Abe administration's growth strategies. To illustrate this, the Council on Economic and Fiscal Policy, which had been abolished by the DPJ cabinet in the past, was reborn under the Abe cabinet and still functions as the major control tower; it oversees quantitative easing and fiscal policy. The rebirth of the Council on Economic and Fiscal Policy implies that the ministers who had stepped down under the DPJ cabinet were able to return to their roles. The Abe administration approved the Japan Revitalization Strategy (2013-16) and the Investment Strategy for the Future (2017) and also established the Headquarters for Japan's Economic Revitalization. The Headquarters for Japan's Economic Revitalization was launched on December 26, 2012 under the prime minister's office for the purpose of planning, drafting, and adjusting laws for the recovery of Japanese economy. Their tasks were to overcome deflation and yen appreciation, with cooperation from the Council on Economic and Fiscal Policy. In Headquarters for Japan's Economic Revitalization, Prime Minister Abe is in charge of the director, the deputy prime minister is a representative for the director, and other cabinet ministers are working as committee members. So far, twenty-six meetings were held between January 8, 2013 and June 9, 2016 (http://www.kantei.go.jp/jp/singi/keizaisaisei/kaisai.html [Accessed July 25, 2018]). Meanwhile, the Council for Industrial Competitiveness was initiated on January 23, 2013, under the Headquarters for Japan's Economic Revitalization, to practice and evaluate ongoing revitalization strategies, and to keep reviewing the policy details on employment, human resources, education, international expansion, and innovation. The director of the Council for Industrial Competitiveness is also Prime Minister Abe and, as well as cabinet ministers, only private members who were nominated by the prime minister can attend the council. Although the Headquarters for Japan's Economic Revitalization consists of cabinet ministers, seven out of nine members in the Council for Industrial Competitiveness are CEOs (*Nihon keizai shinbun*, January 9, 2013).[4] The Public-Private Partnership for the Future Investments is a cooperative council, organized by the prime minister, established in 2015 to better serve the Japan Revitalization Strategy. In the first meeting, Abe stated, "Corporate profits reached a historical high but increase of investments had yet to be successful enough," and added that "industry needs to show a promising vision for the expansion of investments." His statements reveal that the Public-Private Partnership for the Future

4. Private Members in Council for Industrial Competitiveness are Hasegawa Yasuchika (Takeda Pharmaseutical Co Ltd), Sakane Masa (Komatsu), Satō Yasuhiro (Mizuho FG), Sakakibara Sadayuki (Toray), Mikitani Hiroshi (Rakuten), Niinami Takeshi (Lawson), Akiyama Sakie (Sakie Corporation), Takenaka Heizō (Professor at Keio University), Hashimoto Kazuhito (Professor at the University of Tokyo).

Investments is a cooperative institution to expand corporations' investments in order to satisfy the government's policy. The Japanese government launched the second stage of policy strategies in 2016, specifically related to the Fourth Industrial Revolution. Later, the Headquarters for Japan's Economic Revitalization, the Council for Industrial Competitiveness, and Public-Private Partnership for the Future Investments were integrated under the Council on Investments for the Future. Prime Minister Abe participated in all the meetings held by the aforementioned organizations, except once on May 29, 2013, showing his strong will and interest.[5]

The prime minister-centered policy governance and horizontal relationships among the departments have been systematic. Cooperation and strong ties between the departments are necessary for industrial policies to efficiently work. In the case of Abe's policies, since the Headquarters for Japan's Economic Revitalization basically supervises the Japan Revitalization Strategy, other departments are forced to participate in every process. Each department works on details to carry out the policies under the guidance of a sub-committee. In 2016 METI announced the second stage of the growth strategy for the Fourth Industrial Revolution, named New Industry Vision. The Council for Industrial Competitiveness immediately set up the Public-Private Expert Council for Promotion of the Fourth Industrial Revolution, under the prime minister's direct watch, and started to manage the New Industry Vision (Keizai Sangyōshō 2017; Shushō Kantei 2016). The Public-Private Expert Council seeks regulatory reform and human resource development to ultimately create platforms for rising industries. The council established sub-councils such as the AI. Technology Strategy Council, the Council for Human Resource Development for the Fourth Industrial Revolution, and the Robot Revolution Realization Council. The Robot Revolution Realization Council is the top policy organization, which major industries, academia, and research institutions join. These institutions include the Japan Machinery Federation (JMF), Japan Electronics and Information Technology Industries Association (JEITA), and the Japan Electrical Manufacturers' Association (JEMA), and Japan Robot Association. Also, the AI. Technology Strategy Council was established in April 2016 to comprehensively manage policies related to AI. It is policy governance including not only three departments (the Ministry of Internal Affairs and Communications,

5. Twenty-six meetings held by the Headquarters for Japan's Economic Revitalization, ten meetings held by the Council on Investments for the Future, twenty-eight meetings held by the Council for Industrial Competitiveness, five meetings held by the Public-Private Expert Council for Promotion of the Fourth Industrial Revolution. See the details at http://www.kantei.go.jp/jp/singi/keizaisaisei/#news.

the Ministry of Education, Culture, Sports, Science and Technology, and METI), but also research and administrative institutions including National Institute of Information and Communications Technology (NICT), RIKEN, National Institute of Advanced Industrial Science and Technology (AIST), Japan Science and Technology Agency (JST), and New Energy and Industrial Technology Development Organization (NEDO) (Kim Kyu-p'an et al. 2016, 143-54).

Likewise, the Abe administration's growth policies have consolidated the prime minister-centered system and pursued horizontal governance relationships among departments, based on the cooperation between government and private sectors. These tendencies are different from pre-existing models of government-driven systems or policy governance, which arose as key concepts in the late 1990s. One of the missions for the Hashimoto cabinet was to change from the bureaucrat-led system to state-driven policy governance (Han Euisuok 2013, 145-72). After the war, under the 1955 System, the relationship among the cabinet members was defined by three principles: the prime minister assumed the leading role, general consensus should be followed, and determination based on consensus had jurisdiction (Shindō 2015, 311-12). For instance, the prime minister had the authority of the appointment and dismissal but his decision was based on consensus among the cabinet members. Ministers in each ministry were in charge of sharing ideas and working duties. And yet, the prime minister's authority of appointment and dismissal operated in the shadow of partisan politics in many cases, and discussions occurred in the Council for Administrative Vice-minister in the past. For this reason, Japan's policy process was criticized as the "bureaucratic cabinet system," in which the bureaucracy was the master and the minister was the stranger. Hence, the Hashimoto administration had to push administrative reform because the authority of the prime minister needed to be rebuilt as the LDP dominancy was threatened and his power was diminishing. The Hashimoto administration attempted to reconsolidate the prime minister's power by establishing the Administrative Reform Council, reforming the central government and fiscal policy, and reconstructing the cabinet office and prime minister's initiative. Following this, Prime Minister Koizumi Jun'ichirō used the administrative reforms that had already begun under the Hashimoto administration as a strategy for his economic reforms. Following the central government reform in 2001 under the Hashimoto cabinet, the Koizumi administration established the Council for Science, Technology, and Innovation, the Disaster Management in Japan, and the Gender Equality Bureau Cabinet Office under the cabinet office. The Council on Economic and Fiscal Policy was approved to assist financial policies. The Koizumi administration utilized the Council on Economic and Fiscal Policy as a leading institution for compilation of the budget, financial reform, and privatization of the post. Koizumi's reforms were closer to "reforms under the strong leadership," rather than an essential reformation of "state-driven policy" (Han Euisuok 2013, 129-31).

But in effect, fullly-fledged politics-driven system reforms were actually initiated first by the DPJ cabinet. In 2009, the DPJ pushed ahead with the slogan of "from bureaucrat-centered policy to politics-driven policy." For this, the DPJ cabinet abolished the Administrative Vice-minister's Council, which was an institutional framework for bureaucrat-centered policy, and the Policy Research Council. Instead, the government's role was reemphasized; the Cabinet Secretariat was empowered and the National Policy Unit was established on September 18, 2009. These two institutions work on comprehensive issues related to tax and general economic matters. However, the National Policy Unit was established by the cabinet, and thus its legal basis became controversial. The authority and function of the departments have not reached a consensus and the conflict is still an ongoing issue (Pak Sŏng-bin 2010, 230-31). In the hope of offering a legal backing to the National Policy Unit, on February 5, 2010, the DPJ proposed bills for administrative functions. But the DPJ faced disagreement from the opposite party and Hatoyama's resignation delayed the process. In the end, the bill was cancelled in the lower house in May 2011 (Han Euisuok 2013, 163). Instead, the Noda administration launched the National Strategy Bureau on October 21, 2011 to comprehensively manage economic and tax reforms. Prime Minister Noda was in charge as chairman, while the deputy prime minister, the chief cabinet secretary, and minister of national strategy were collectively in charge of vice-chairman. Ministers and five members from the private sector also attended.[6] The National Strategy Bureau works for major policy goals of the Japan Revitalization Strategy, and it established the Council for Energy and Environment in 2011, as an institution for energy resource policy and global warming. On January 25, 2012, the Frontier Branch embarked in pursuit of four themes: prosperity (growth strategy for middle class), happiness (social security for future generation), foresight (human resource development and strategy for space and science), and peace (diplomat and marine policy) (Naikaku Kanbō Kokka Senryakushitsu 2012). In spite of all these efforts, policy institutions were lacking a legal basis, and it raised problems in the DPJ's leadership, which consequently engendered conflicts among the departments and confusion about the direction of the policies. The DPJ cabinets

6. Iwata Kazumasa (president of Japan Center for Economic Research [JCER]), Ogata Sadako (special advisor to president at JICA), Koga Nobuaki (president of JTUC), Hasegawa Yashuchika (chief executive officer of Takeda Pharmaceuticals International AG), Yonekura Hiromasa (chairman of Sumimoto Chemical).

were sensitive about the strong ties between ministers and the LDP groups and tried to exclude those groups when making decisions. For this reason, the relationship between the cabinets and officials were never sturdy and the impetus to make things happen was irrevocably weak. The Abe administration overwhelmed the DPJ's flaws by establishing councils and committees directly belonging to the cabinet office at their discretion. They also carried out a growth strategy through the prime minister-centered designations and each department's policy governance.

Conclusion

The second Abe administration made great effort to reform national security, economy, society, and politics to overcome Japan's national crisis. In particular, the economic strategy "Abenomics," aimed at solving the long-term stagnation and rebooting the Japanese economy, has been a success. As a result, the Japanese domestic economy began to revive as personal consumption and corporate investments increased. The economic growth rate increased for six consecutive quarters for the first time since the Koizumi administration. The Abe administration's economic reforms have also resulted in other positive aspects: equipment investment, household consumption expenditures, and even GDP increased.

The policy idea of economy growth through government intervention is not new with the Abe cabinet. In the early 2000s, the Koizumi administration first touched upon such a growth policy by reviewing strategic industry promotions and restructuring industries as the administration confronted a decrease in population domestically and China's entry into the WTO externally. After this, following administrations, such as the first Abe administration, the Fukuda administration, and the Asō administration, continued Koizumi's strategy. The DPJ administrations initiated a shake-up through expanding the welfare plan and recovering the economy after the 2011 Great East Japan Earthquake. However, a lack of strong leadership and stable systems were always admonished as reasons for the failure of the DPJ cabinets. The second Abe administration's growth strategies aimed at quantitative easing and financial investments, as well as pursuing the Japan Revitalization Strategy. Again, the primary purposes of the Japan Revitalization Strategy were to solve three main issues: underinvestment, excessive competition, and overregulation. Another crucial mission was to promote a fertile environment for Japan's constant economic growth. In order to successfully reach these goals, the government has updated new versions of the Japan Revitalization Strategy each year, based on the reactions to the results and real economic conditions. In 2017, the strategy went beyond to the second stage, re-named the Investments for the Future. In addition, the Industrial Competitiveness Enhancement Act, which was approved in 2013, clarified the roles and responsibilities of the government to supervise the entire process of the growth strategy. Namely, the Industrial Competitiveness Enhancement Act reveals the main responsibility and leading role of the government to enhance the Japanese economy by guaranteeing a legislative systemic basis, although the previous legislations stayed at only mentioning government's indirect aid. Beginning with this act, the government has utilized "direct policy measures" such as financial support, which effects the distribution of economic resources. Policy organizations such as the Headquarters for Japan's Economic Revitalization, under the prime minister's office and the cabinet office, is a institutional basis for the prime minister to legitimately plan, practice, and adjust policies by leading the cooperative governance between the public and the private sectors.

In conclusion, the Abe administration's achievements with the growth strategy have implication for academic research on the Japanese model of development after the crisis and its industrial policy. If success of Abenomics came from the historical context of Japanese growth policies, this new model can be an exemplary empirical case for "path-dependent developmental states." Since Abenomics, other East Asian countries have begun to implement government-driven industrial policies. President Moon Jae-in enacted the Innovation-Led Growth Project in South Korea and President Xi Jinping announced the Made in China 2025, which are regarded "Asianomics." The rise of the government-driven industrial policies in East Asia is a unique phenomenon in terms of their collective experience. First, each country has experienced a similar industrial structure, decrease of population, and innovative capacity in the domestic market. Second, at the macro level, strategic industries in each country are competitive but dependent upon each other at the same time (Yoon Dae-yeob 2015, 168-95; 2016, 109-50). In addition, the three countries are interwoven with national security matters and economic inter-dependency, which is highly inconsistent and contradictory. These complicated relations are another crucial factor that continues to transform the role of government in economic policies in China, Japan, and South Korea.

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