

Criticisms of Japan's Current Economic Policies From the Perspective of the Japanese Communist Party

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ABSTRACT

During the period of Shinzo Abe's administration just past, Japan has just experienced a rare long-term economic growth, i.e. the so-called "Abenomics Boom". Japan's major economic indicators have risen to reach high levels in the 1990s. But in the view of the Japanese Communist Party, these growth was actually unreal. Those who benefited from it are all monopoly capitalism such as large companies and consortia represented by the Abe government; while the ordinary working class did not receive an increase in wages or welfare. Therefore, Japanese Communist Party has made many criticisms of Japan's current economic policies, including financial and monetary policies, labor and employment policies, and social security policies, etc. These criticisms represent another voice of Japan's economic policy.

Keywords: Japan, Economic Policies, Japanese Communist Party, Abenomics

1. INTRODUCTION

In August 2020, Japanese Prime Minister Shinzo Abe announced his resignation as prime minister due to health reasons. In his 8-year term of office, Japan experienced the second-length period of economic growth after the World War II, from November 2012 to October 2018. This is called the "Abenomics Boom". In this period, Abe pursued a loose monetary policy, a proactive fiscal policy, and liberalized economic structural reforms. These economic policies have greatly improved the business environment in Japan, and brought many bright spots. However, it has also been criticized by Japanese opposition parties for being "unrealistic"^[1], because economic growth did not reach the target set by Abe itself.

As the largest left-wing opposition party in Japan, the Japanese Communist Party (JCP) has continuously and profoundly criticized the economic system and policies of the Abe administration in the past decade. Using Marxist standpoints, viewpoints and methods, JCP provides us with an important perspective for understanding the other side of the Japan's economy and contemporary capitalism, as well as the hidden dangers and risks in Abenomic policies.

In this article, we will introduce Japan's economic system and policies in the past decade, and provide the criticism of JCP in following six aspects: monopoly

capitalism, globalization policies, financial and monetary policies, the big gaps between rich and poor, labor and employment policies, and policies on social insurance.

2. JAPAN'S ECONOMIC SYSTEM AND POLICIES IN THE PAST DECADE

During Abe's administration, the following three major economic measures were adopted. Firstly, bold financial policies and unlimited quantitative easing measures were conducted. Interest rate between the central bank and commercial banks was reduced to a negative 0.1%. In addition, the central bank bought large amounts of long-term government bonds in the hands of financial institutions, in order to encourage financial institutions to lend to enterprises so that enterprises have money to invest in equipment and expand production. Secondly, large-scale public investment was carried out to drive GDP and employment. A huge amount of money has been invested in large-scale development projects such as metropolitan ring roads, huge dam projects, maintenance Shinkansen extensions, and international container strategic ports for strengthening competitiveness, industrial infrastructure functions and international competitiveness. Third, Abe formulated a package of "Japan Revitalization Strategy" to evoke private investment and to increase the profitability of

industry. The core of the growth strategy is the reform of Japan's social economic structure, through promoting deregulation, technical innovation, and joining the Trans-Pacific Strategic Economic Partnership Agreement (TPP). These three measures are called the "Abe's Three Arrows"^[2].

In September 2015, the Abe's administration launched the new three arrows of Abenomics, shifting its policy focus to the supply side. New policies, by providing for childcare and building a reassuring social security system, aimed at building an "active society with 100 million people" and increasing economic strength and talent supplement.

Abenomics policies brought a period of sustained economic expansion for Japan. Japan's major economic indicators have risen. For example, the unemployment rate has dropped to 2.9%, returning to the level of the mid-1990s. The Nikkei average stock index reached over 23,000 points in January 2018; while taxation increased significantly. Both returned to the level of the early 1990s. The yen's exchange rate against the US dollar ended its appreciation. The wages of employees have risen, the income of enterprises has increased unprecedentedly, and equipment investment has also expanded.

3. THE JAPANESE COMMUNIST PARTY'S CRITICISM OF JAPAN'S ECONOMIC SYSTEMS AND POLICIES

For the Abenomics and the economic expansion it brought, the government and bureaucrats in Japan said that it was successful, but the majority of Japanese citizens did not approve it. Small and medium-sized enterprises believe that it did not bring any benefits to them.

Japanese Communist Party believes that Abe's eight years in power was the "worst continuous tyranny" in post-war Japanese history, with problems in all areas of constitution, economy, democracy, and human rights^[3]. Economically, the Abe regime, regardless of the deteriorating life of the people and the current economic downturn, forcibly increased the consumption tax twice, becoming the most serious tax increase regime after the war. At the same time, the situation in areas such as pensions, medical care and nursing care is also getting worse.

3.1. Criticism of Monopoly Capitalism

Japanese Communist Party believes that Shinzo Abe and Liberal Democratic Party represent the interests of large companies, large consortia, and large capitalists in Japan. These capitalists have provided large amounts of political donations to the Liberal Democratic Party. Therefore, Abenomics is not a special economic development policy, but the continuation of the Liberal

Democratic Party's policies of safeguarding big capitalists after the end of World War II.

Japan has formed a mixed economic entities involving politicians, bureaucrats and financial circles since WWII. Political rule has highlighted the salient features of monopoly capitalism centered on the interest of large enterprises and financial circles. JCP and other Marxist scholars stated that Abenomic further enhanced the interests of monopoly capitalism, by restoring the Japan Economic Rebirth Headquarters, the Economic and Fiscal Consultative Conference, the Regulation Reform Conference and other related organizations.

From the perspective of Marxism, JCP indicate that the neoliberal ideas, which rely on the free market to promote economic rejuvenation, has been further promoted in the capitalist society with the continuous strengthening of the Keynesian economic policy^[4]. It is precisely under the influence of neoliberal thinking that Japan has made a package of policies in favor of monopoly capitalism, such as abolishment of restrictions on the economic activities of large enterprises, abolishment of labor laws, and the conversion of publicly-owned enterprises to privatization. Relevant corporate taxes and corporate income taxes have been substantially reduced, allowing the brutal behavior of large multinational corporations. These policies have directly led to the continuous strengthening of monopoly capital.

The criticism of monopoly capitalism by JCP reveals the necessity and urgency of accelerating the promotion of social democratic reforms, changing the current political pattern, and safeguarding the fundamental interests of the people. Otherwise, the various contradictions of capitalism will continue to intensify, and it will also make it difficult to extricate themselves into a deep crisis.

3.2. Criticism of Globalization Policy

According to Japanese Communist Party' view, Japan's globalization is a abnormal globalization. Japan was in a special political situation of subordination to the United States, and has been deprived of right to independent development since 1945. The United States has been relying on dominant military and financial means to suppress the development of Japan and other countries. In particular, the series of trade protection policies implemented by Trump have made countries around the world feel uneasy. In the name of "globalization", the United States forces countries around the world to follow the principle of "America First". The general attitude of JCP and Japanese Marxist scholars is that the United States has embarked on a road of retrograde to "imperialism" and must be criticized and contained^[5].

According to the persuasion of the Japanese Communist Party, the vigorous promotion of economic globalization has not only failed to free Japan from the economic crisis, but has aggravated the various crises it faces. Developed capitalist countries are actively pursuing economic hegemony around the world, and prompting large multinational corporations to strengthen monopoly on a global scale. With the strengthening of the status and role of monopoly capitalism, the irreconcilable contradictions between developed and developing countries will also become more acute.

JCP called for the immediate suspension of Japan-US trade negotiations, and thoroughly examined economic partnership agreements during this period, such as TPP11 and Japan-Europe EPA. Instead, an economy and diplomacy that respects food sovereignty should be established in the future.

3.3. Criticism of Financial and Monetary Policy

The outbreak of the global financial crisis in 2008 once again sounded the alarm for capitalism, as Marxists have repeatedly pointed out. Japanese Communist Party believes that the financial crisis was essentially caused by the overproduction panic and the financial crisis. The overproduction panic is the root cause of the crisis.

In 2016, the Bank of Japan took an unusual measure called "negative interest rates". Its purpose is to activate the loan and to stimulate expanded reproduction. However, although the interest rate drops, the loan is not active and its negative effects are more obvious, such as losses due to interest rates being squeezed by customers and the decline in government bond interest rates, which makes fund management more difficult. On the other hand, due to the continued purchase of a large number of government bonds, the balance of government bonds held by the Bank of Japan reached 486 trillion yen in March 2019, accounting for 43% of the total debt. This is obviously an unusual situation which may cause economic turbulence such as high inflation and further increase fiscal waste.

JCP has done a lot of thinking and research on financial and monetary policies since the financial crisis. In their opinion, the neoliberalism pursued by the Abe's government led to the weakening and hollowing of Japan's industry. Financial economy became the main battlefield, while the real economy was in recession. Eventually, despite the increase in profits of large companies and high-net-worth individuals, the increase in wages has been modest. JCP has called for a fundamentally review the route of financial liberalization, eliminate financial losses, and formulate rules to enable financial institutions to fulfill their social responsibilities^[6].

3.4. Criticism of Policies of Anti-poverty

From 2011, a series of social unrest occurred in the capitalist world, such as the London riots in the UK, the American occupation of Wall Street movement, and the European debt crisis triggered by Greece as the fuse. In Japan, Abenomics have led to the polarization of the Japanese economy and society. The gap between the capitalists and the affluent ordinary people has been increasing too.

Japanese Communist Party focused on the issue of the gap between the rich and the poor in Japan. They found that the overall profit rate of enterprises has shown an upward trend since 2010, while the remuneration of workers has continued to decline. In 2014. For example, large companies' profits increased by 34% compared with the previous year, while many small and medium-sized enterprises were nearly bankrupted due to the rising of the prices of raw materials.

In JCP's opinion, the reasons for the further widening of the gap between rich and poor include the decline in the protection of workers throughout the world, the increasing decisive influence of large business groups on national policy making, and the wanton cost reduction in pursuit of profit maximization. Tetsuzo Fuwa, the former chairman of JCP, pointed out that the problem of capitalist exploitation and poverty is a long-standing social problem, and it is also a global problem that hinders the development of the world today^[7]. Solving poverty is a political responsibility of the ruling party.

3.5. Criticism of Labor and Employment Policies

Japanese Communist Party is a party of the working class and represents the interests of the working people. Thus, rather than the bourgeoisie, they pay more attention to the rights and interests of the working class.

During the Abe period, Japan's employment rate has increased to a certain extent. However, JCP stated that the increase in employment is mainly informal employment, or, temporary employment. The number of non-regular workers used to account for about 33% of the total employed labor force in Japan. After Abe came to power, it has gradually increased, and now it has begun to account for about 39% and 40%. In addition, working hours of Japanese workers were relatively long in developed capitalist countries. According to a 2016 survey by the Japanese government, nearly a quarter of Japanese companies require their employees to work over 80 hours a month. Death from overwork has also become a hot topic in society. In recent years, the number of deaths from overwork in Japan has remained high, at around 150 a year.

According to the viewpoint of JCP, all these phenomenon are the result of the labor commercialization^[8]. Companies should be required to vigorously promote lifetime employment and implement strict equal pay for equal work. JCP believes that the limitations of capitalism should be overcome and a new socialism should be created. Only if the trend of protecting the basic rights of labor can continue to develop, the above-mentioned fundamental crux of capitalism can be overcome.

3.6. Criticism of the Social Security System

Japan is one of the few countries in the world that implement universal health insurance. The increasingly aging society has increased the burden of the medical insurance system, and the Japanese national medical expenses have continued to increase. In order to relieve the government's financial pressure, Abe regime reduced the natural growth of social security costs by raising fees and expanding medical insurance and mixed medical care. Japanese Communist Party criticized these policies would lead to a substantial increase of patients' burden, and threaten people's lives and health. JCP argued against the law which divided people by age and the implementation of discriminatory medical services, which would increase the poverty and inequality^[9].

The nursing care insurance system is a unique insurance system in Japan. As we all know, Japan is an extremely aging society, with more than a quarter of the total population over 65 years old. Therefore, nursing care insurance, which is mainly used to protect people who fall into a state that requires nursing care due to diseases caused by physical and mental changes due to old age, has become very necessary. But in the past decade, the government has actually made systematic improvements that have made it difficult to obtain long-term care services. More and more workers had to quit their jobs to take care of the long-term caregivers in their families. Thus, this problem is not only the anxiety of the elderly, but also the serious cause of the anxiety of the worker generation. JCP proposes to immediately increase the treasury burden rate of nursing care insurance by 10% and promote full-time care workers^[10].

4. CONCLUSION

Generally, Japanese Communist Party hold a critical attitude towards the current economic policies, especially the so-called Abenomics. Criticisms are mainly concentrated in the following aspects: Abenomics aims to realize the interests of big companies, big chaebols, and big capitalists; Abenomics leads to rising prices, rising costs of living, and increasing polarization between the rich and the poor; Abenomics undermines labor employment and the

rights of workers; and Abenomics undermines existing social security policies. To deal with these policy deficiencies, JCP proposed that the primary content of the socialist transformation was to abolish the system of human exploitation and to change the driving force for economic development from the pursuit of capitalist profit maximization to the promotion of social and national material and spiritual progress.

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