

Japan's new Prime Minister Yoshihide Suga is either in an extreme hurry, more ambitious than many expected, or a combination of the two. In his first day on the job, Suga nominated 40 priority projects for his administration, the sum total of which has been described by the *Nikkei* as a "minor earthquake" of reforms.

In replacing former prime minister Abe, Yoshihide Suga has the unenviable task in Japanese politics of succeeding a popular and long-serving predecessor. Suga – who served as Abe's Cabinet Secretary for eight years – will be acutely aware that six prime ministers (including Abe himself during his first term) served in quick succession after the retirement of the last Japanese prime minister before Abe to serve a full term, Junichiro Koizumi.

There has been speculation both within Japanese media and the ruling Liberal Democratic Party (LDP) that Suga's will be a short-term appointment. According to this rationale, Suga would preserve Abe's legacy and hold the fort until a younger and more suitable successor emerged to contest general elections, which must be held on or before 22 October next year. Whilst campaigning for the top job amongst LDP powerbrokers, Suga was happy to pay some heed to this narrative, pledging to adhere to Abe's policies and fight COVID19 as a top priority. After all, few candidates had better credentials for continuing Abe's legacy than Suga.

However, if the plan still is for Suga to be a caretaker candidate, the new prime minister has shown a surprising level of ambition. Proposed reforms so far include:

- *Administrative & Regulatory reform:* Suga is renowned for his knowledge of and control over the Kasumigaseki – the nucleus of Japan's bureaucracy. Suga has signalled a clear desire to leverage his experience – he has even written a book about improving bureaucratic efficiency – and control to improve the efficacy of Japan's governance. Suga has pledged to end "ministry sectionalism, vested interests and the practice of blindly following past precedents". Deregulation is also believed to be firmly on Suga's agenda, and he has appointed former Defense Minister Tarō Kōno as his Minister for Administrative Reform and Regulatory Reform. Throughout his career, Kōno has developed a reputation for calling out wasteful government spending and operations
- *Digital policy:* Suga has declared that improving Japan's digital infrastructure – along with regulatory reform – will be the "central themes" of his government. Although Japan is known for its hi-tech prowess, this reputation is not always deserved. Currently, approximately just 12 percent of Japan's administrative work is transacted online. A new dedicated digital transformation ministerial post has been created. Suga is aiming to have a digital policy unit online by autumn of 2021. Reducing mobile phone rates by up to 40 percent is also a priority
- *Minimum wage:* As Cabinet Secretary, Suga was very vocal on the need to raise Japan's minimum wage – currently below \$US9 per hour – by up to 5 percent in order to revitalise regional economies and increase the participation rate. However, increases have been long opposed by the powerful Ministry of Economy, Trade and Industry (METI) and its Small and Medium Enterprise Agency. Suga has already made his intentions clear by replacing Takaya Imai and Eiichi Hasegawa, two former economy ministry bureaucrats and close Abe confidants who contributed to the METI's outsized influence on economic policy
- *Pursuing consolidation:* Japan's 102 regional banks and 3.58 million small enterprises are both believed to be in Suga's crosshairs for potential mergers
- *'Womenomics':* As Japan grapples with significant labor shortages and a rapidly ageing population, increasing female participation was a key objective of the Abe government. Under Abe's tenure, three million women joined the workforce – although often not in full-time roles. To further increase female participation, Suga has called for day care services to be made more available. An increase to the minimum wage would also likely entice more women to join the workforce. Some may argue however, that Suga's cabinet – which includes just two women – sends the wrong message

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- *Fertility*: An interrelated objective is to increase Japan's ailing birth rate which at 1.36, has fallen for four consecutive years despite government efforts. Specific measures include making fertility treatment more affordable and widely available
- *Telemedicine* – Prior to COVID19, Japanese law mandated that patients must see doctors in person. Within two hours of starting the job, Suga pledged to make online medicine a permanent option

Suga's initial reform agenda appears to embody elements of both material change and continuity. Most of Suga's slated reforms can be subsumed under structural reform – the third arrow of 'Abenomics'. Japan's debt is around 240 percent of GDP and the Bank of Japan has set interest rates at -0.10 percent. There is thus only so much firepower left in the fiscal stimulus and monetary easing arrows of Abenomics. With Japan's population forecast to fall 20 percent to 100 million by 2050, achieving productivity gains is a must.

Where Suga appears to differ substantially from Abe is his willingness to take on certain vested interests. Suga's seemingly anodyne policy changes on telemedicine are a clear example of this. Doctors are a politically powerful part of the LDP's traditional constituency and have used the ban on telemedicine to monopolise patients in their localities. By allowing telemedicine, Suga has signalled that he is willing to ruffle feathers if it makes good policy sense to do so.

As Cabinet Secretary, Suga made a habit of escaping the Kasumigaseki bubble, dining frequently with members of the private sector. The Abe government's push to increase inbound tourism – which Suga helped spearhead – was largely based on the recommendations of former Goldman Sachs employee, David Atkinson. In pursuing reform, Suga has vowed to listen to "voices on the ground", potentially allowing for more business input into policymaking.

There are a number of potential spoilers which may thwart Suga's agenda. A resurgence of COVID19 could take the wheels off Suga's government. So too could a foreign policy crisis – an area in which Suga has little direct experience – though he sat in on most of President Trump's talks with Abe and was involved in foreign policy through his role as Cabinet Secretary.

If Suga is to contest Japan's next general election, he will also have to win another LDP internal leadership contest – Suga's current term as party President is limited to the remainder of Abe's term. Suga does not belong to any of the LDP's seven main factions and will presumably have to keep key powerbrokers onside if he is to remain in power. Internal LDP machinations may thus clip the wings of Suga's reform efforts. Nonetheless, Suga seems determined to enact significant and material reforms within the broad boundaries set by his predecessor.



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