

PR fourth arrow in sharp shooter Shinzo Abe's quiver

By Dr. Jochen LEGEWIE

There is no doubt that Japan's new Prime Minister **Shinzo Abe** has enjoyed great success during his first four months in power.

The world is talking about *Abenomics*. The yen is down, the Nikkei index up, and the approval ratings of the Japanese government under Prime Minister Abe are rocketing sky high.

CEOs of foreign multinationals are flocking back to Japan, eager not to miss the revival of Nippon. Sales of luxury goods are up and occupancy rates of five star hotels reached record levels this March. Tokyo is brimming with an optimism not seen for a very long time.

Most people attribute this to a combination of two things:

1. *Sound policy.* Abe puts a clear focus on the economy. The introduction of the "three arrow" policy of monetary expansion, flexible fiscal policy, plus a long term growth-oriented strategy based on structural reform has been well received by the domestic stock market and international observers alike. . Abe has already delivered on the first two of the three arrows.
2. *A little bit of luck.* There has been no viable domestic opposition within the country. Overseas, the stabilization of the economic environment in Europe and the US has allowed for the large depreciation of the yen; the main fuel driving optimism in Japan. In addition to this, the US has rediscovered Japan as an important ally versus China. All of these factors are providing Abe with a strong head wind.

While I agree that the sound policy (and a portion of luck!) is crucial for the current optimism and obvious success of Abe's government, there is a third factor that has played a major role as well; good PR. It seems that for the first time ever in Japan, strategic communications has become an integral part of economic policy.

The former Prime Minister **Junichiro Koizumi** (2001-2006) also displayed sharp PR skills. He relied on sound-bites, dynamic gestures and a rebellious image as the one "to dismantle the LDP". But although his person-centered theater of politics was enormously popular and paved the way to some reform, it did not leave a real lasting impact.

By contrast, Abe's media approach is more mature, strategic and – hopefully – will lead to long-term change. Consider the following:

- *Embedding PR at the core of strategy.* Abe shows he is serious about communication by putting communications experts in key government positions: Deputy Chief Cabinet Secretary **Hiroshige Seko** is former communications director at NTT, Public Affairs Advisor **Tomohiko Taniguchi** is a former London correspondent of Nikkei Business, and Speech Writer Eiichi Hasegawa held the post of Cabinet Secretary for Public Relations under a previous administration.
- *Careful coordination and sequencing of announcements.* Abe relies on a steady flow of carefully timed policy announcements, public appearances and target interviews. One example: On March 15, Abe announced Japan's entry into the TPP free trade agreement without a major outcry from the infamous agricultural lobby. Usually, domestic opposition would have made this impossible. Abe however won over the public by having communicated again and again in various ways that he will only consider TPP entry based on specific concessions over Japanese rice. After obtaining these

concessions during his US trip in late February, the road was prepared and a smooth entry followed.

- *Consistency of message overall.* In contrast to previous governments, it is not only Prime Minister Abe who stays on message – the same goes for his entire team. Even current Finance and former Prime Minister **Taro Aso**, known for his former PR gaffes, stays on message and displays utmost discipline in this regard. In total, this ensures one, strong and consistent voice from the government.
- *Storytelling.* The entire concept of *Abenomics* and its three arrows is a great example of storytelling and the power of explaining complex issues through painting compelling and relatable pictures. Last month, the newly appointed Bank of Japan Governor **Haruhiko Kuroda** deployed this method of communication as he introduced the term 'qualitative monetary easing', thus evoking the simple tool of printing money in the mind of his audience.
- *Employing the power of symbolism.* While Abe is surely not the first Japanese Prime Minister to identify big business as a key ally, he is the first Japanese Prime Minister in many years to have visited the New Year reception of JAMA, the influential automotive federation; a powerful symbolic gesture. This, and many similar actions, helped Abe to later convince big corporations to agree to several steps supporting his pro-inflation policy, including the acceptance of above-average salary increases this March.

Good PR and strategic communications has thus created a virtuous cycle of perceptions, expectations and reality that manifests Abe's success and popularity so far. Anything but a landslide victory in the Upper House elections in July would be a big surprise. But what comes after that? Will the Abe magic continue? Will structural reforms and long-term growth become a reality?

As of today, an *Abenomics*-led revival of Japan remains wishful thinking. Many people are still skeptical. **Yasuchika Hasegawa**, Takeda President, Chairman of the Japan Association of Corporate Executives Keizai Doyukai and one of the private sector members of Abe's Industrial Competitiveness Council, is stressing that "The real uphill battle for the Abe administration starts now".

I believe that Hasegawa is right. We still have to see those structural reforms promised in the third arrow of *Abenomics*. Core elements of the recently announced growth strategy, e.g. a very clear focus on women in the labor force, are right to the point. But the package overall is still lacking the painstaking details needed.

But I also believe that Abe has a bigger chance of turning Japan around in the long term compared to his predecessors. He seems to have learnt a lot during his five years in absence from power, especially "It's the economy, stupid".

He is doing the right thing by putting the three arrow strategy in place, and he is also adding a powerful fourth arrow to his quiver – strategic PR and communication. The result of this addition is a virtuous cycle which is creating and shifting both reality and perception, where public confidence in the government can function as an underwriter for the country's future success.

While the initial three arrows provide the much-needed fundamentals, the "fourth arrow of *Abenomics*" is the one raising Abe's chances to make a real difference over the long run.