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A Retrospective on Abenomics

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A Retrospective on Abenomics
Edward J. Lincoln
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Abstract:
Shinzo Abe became prime minister in January 2013 in part because he touted a three-pronged coordinated economic plan dubbed "Abenomics." The goal was to restore the economy to two percent positive inflation and two percent average real GDP growth within two years. Now that he has stepped down, it is time to review his policies and their outcomes. This paper argues that he did not achieve the stated goal. The original set of policies was well conceived, but the policies were not really coordinated and were not aggressively pursued.

Introduction

The Abe era is over, and retrospectives and evaluations are abundant. One of the core pieces of the Abe era was "Abenomics," the set of economic policies that he touted in the run-up to the December 2012 election for the national Diet. The tendency seems to be to give Abe a fair amount of credit. As one interviewee put it on NPR, he ended two decades of virtual stagnation and restored Japan's economic reputation in the world. Such views are not borne out by the data. This paper argues that:

- Abenomics was a well-conceived package created by Abe's economic advisors.
- But it was over-hyped in the media and was never fully implemented.
- None of the stated goals were met.
- Over time, implementation weakened.

For those who may have forgotten, Abenomics consisted of three "arrows:" monetary policy (radical quantitative easing), fiscal policy (a dose of fiscal stimulus to assist quantitative easing), and structural changes (deregulation and other revamping of the "rules of the game") to enhance long-term growth capability. The goal of this coordinated package was to restore the economy to two-percent average real GDP growth and consumer price inflation to plus two percent, all within two years.

Japan had experienced deflation (falling overall consumer prices) since the mid-1990s, which was not good for the economy. And GDP growth had certainly been disappointing since the early 1990s, with average annual real GDP growth slightly under one percent from 1992 through 2012. Hence, the appeal of a coordinated package of policies to restore growth and modest inflation.

The package of policies proposed to Abe by the economists was quite sensible. His embrace of these policies undoubtedly contributed to the victory of the Liberal Democratic Party in the late-December 2012 Diet election and his resumption of the position of prime minister. However, the package was never fully implemented and the results were disappointing. GDP growth did not accelerate to two percent on average, and while consumer prices are no longer falling, they failed to reach the target of two-percent inflation. This paper reviews each of the three arrows. To be fair to Abe, the analysis of this paper deliberately leaves out any data or discussion of 2020 and its special problems and policies related to Covid-19.

Monetary Policy: Quantitative Easing

Monetary policy is carried out independently by the Bank of Japan. Policy is set by a Policy Board, which consists of the governor and the two deputy governors, plus six outsiders. They have staggered fixed terms (five years), appointed by the prime minister and approved by the Diet. Fortuitously for Abe, the terms of both the governor of the bank and one of the deputy governors were about to expire. Therefore, in March 2013, Prime Minister Abe was able to appoint a new governor of the bank (Haruhiko Kuroda) and a new deputy governor (Kikuo Iwata), both of whom were known as strong advocates of quantitative easing. Had these positions not opened up in 2013, Abe could have been stymied in carrying out the proposed radical quantitative easing that was part of Abenomics. To be sure, he could have jawboned the existing board members, but having two ex-officio advocates of quantitative easing, including the governor, is really what made the dramatic shift in Bank of Japan policy possible.

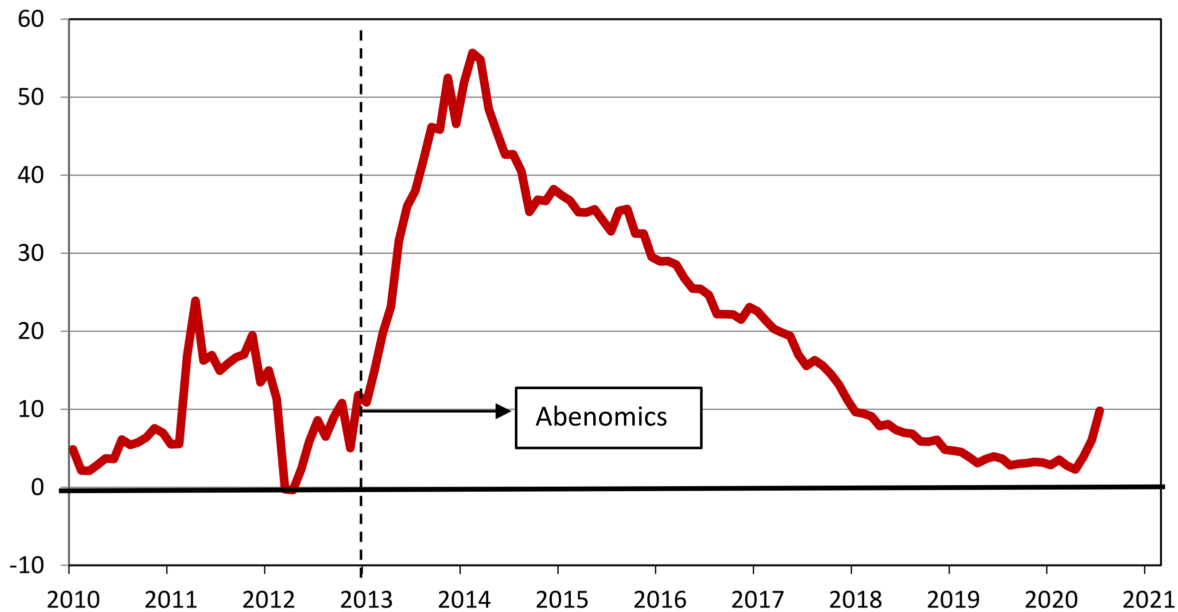
Quantitative easing refers to a monetary policy of expanding the monetary base (cash circulating in the economy plus the reserves of private sector banks) even at the point where interest rates are at, or close to, zero. Although zero interest rates generally represent a floor below which interests cannot fall, the idea is that with more reserves sitting in the banks, they will be encouraged to lend more. That lending expands the money supply (and possibly encourages prices to rise) and expands the real economy. To be sure, both the European Central Bank and the Bank of Japan have more recently experimented with negative interest rates, but the basic idea of quantitative easing is the expansion of the monetary base, whatever happens to interest rates.

In order to both encourage economic growth and restore modest inflation of two percent, Abenomics proposed to double the monetary base in two years. As background, it is important to understand that back in the 1990s when the economy was suffering from the collapse of the asset bubbles in real estate and the stock market, the Bank of Japan was very wary of quantitative easing despite calls from some economists, including future Federal Reserve chairman Ben Bernanke, to use it. The Bank finally gave it a try in the wake of the collapse of the tech bubble in the early 2000s, but the effort was timid and short-lived. Therefore, the proposal to double the monetary base in two years appeared to be very radical for the Bank of Japan. It is worth noting, however, that in the wake of the collapse of Lehman Brothers, the Federal Reserve doubled the U.S. monetary base in three months. What Japan did in Abenomics, therefore, was not quite so radical when compared to the United States.

Under Kuroda, the Bank of Japan quickly adopted the goal of doubling the monetary base in two years. That goal was accomplished. So, at least on the surface, monetary policy appears to be a success for Abenomics. But, doubling the monetary base was only a tool to achieve the broader goals of two percent economic growth and two percent inflation. Those goals were not realized. Despite the failure of prices and real growth to respond as hoped, the Bank of Japan subsequently allowed the growth of the monetary base to decelerate.

Figure one shows what happened to the monetary base, showing the year-on-year change on a monthly basis. In the wake of the 3/11 earthquake and tsunami, the BOJ pumped up the monetary base at a 20-percent rate, but quickly backed off that in 2012. When Abe came into office, the monetary base was growing at about 10 percent. The new policy of the Kuroda-led BOJ caused growth to jump to 40-50 percent for a period of time, until after two years, the goal of doubling the monetary base had been accomplished. From that peak in 2014, however, figure one shows growth continuously decelerating. In 2019, the base was growing at less than 5 percent.

Figure 1: Monetary Base (Year-on-Year comparison, monthly, percent)



A bold policy would have "doubled down" as the 2 percent inflation target proved elusive. In contrast, the Bank of Japan allowed its quantitative easing to gradually lose steam. Partly as a result of this deceleration, the inflation target remained elusive. Analysts can point to various announcements and shifts in the mechanics of expanding the monetary base by increasing the variety of financial instruments the Bank bought, or pursuing negative interest rates. The bottom line, though, is what happened to growth of the monetary base. Therefore, it is not correct to describe monetary policy as forceful and successful. The policy got off to a good start, but once the Bank could declare it had reached its goal of doubling the monetary base (much like George W. Bush declaring "mission accomplished" in Iraq), it allowed the stimulus to seriously decelerate.

To be sure, outright deflation appears to be over. Therefore, at least one can say that Abenomics appears to have ended deflation. And one could say that reaching a target of two-percent inflation has proven elusive in other advanced economies as well. So, Abe deserves at least some credit for what happened. Nonetheless, the BOJ could have done more, and by 2019 was not serious about pursuing two-percent inflation.

Fiscal Policy

When asset prices (stock market and real estate prices) collapse, businesses and households face a balance sheet problem—they have too much debt. Until they can work their debt levels down, they are very reluctant to borrow more, even if monetary policy pushes interest rates to very low levels. This is the classic Keynesian liquidity trap. In such situations, it is doubtful that by itself a monetary policy of radical, aggressive quantitative easing will cause the economy to grow faster and inflation to rise. Recognizing this problem, Abenomics wisely included a call for simultaneous fiscal stimulus. Increased government fixed investment, for example, would increase household income (more construction jobs) and cause contractors to borrow more to buy new construction equipment. The original Abenomics proposal, though, did not include any numbers about how much government spending should rise.

So, what did the government do? What the central government controls is its own budget. In Japan, the central government has some influence over what prefectures and cities spend, but, fundamentally, it controls its own budget. Table 1 shows the annual budget of the central government, including both the initial budgets and the supplements added later in the fiscal year. The big fiscal splash of Abenomics was a large supplemental budget (¥13 trillion) passed by the Diet in January of 2013 (supplementing the fiscal 2012 budget of April 2012-March 2013)), just a few weeks after Abe became Prime Minister. This increased budgeted expenditures for the fiscal year by 15 percent (from the initial budget) and gained a lot of positive publicity.

However, this increase needs to be seen in a broader context shown in table one (with the amounts budgeted under Abe shown in the shaded cells). The initial budget for fiscal year 2012 (adopted in April 2012, before Abe became prime minister) had actually been lower than the initial fiscal 2011 budget. Furthermore, the earlier fiscal 2011 budget had several supplements to respond to the emergency created by the 3/11 Tohoku earthquake and tsunami. Therefore, *total* budgeted expenditures for fiscal 2012 remained below the level of fiscal 2011 despite inclusion of the large Abenomics supplement. Total budgeted expenditures in fiscal 2013 (the first regular budget during the tenure of Mr. Abe) fell again. Although expenditures rose slowly thereafter, even fiscal 2019 expenditures remained *below* the level of fiscal 2012. Conclusion: After the public relations splash with the supplementary budget, there was no fiscal stimulus. The only caveat is that major stimulus finally came just as Abe was approaching his decision to step down, due to the huge economic crisis caused by Covid019, but that was entirely separate from the world of Abenomics.

Table 1: Central Government Budget (trillions of Yen)

Fiscal Year	Original Budget	Supplements	Total
FY 2011	92.4	20.7	113.1

FY2012	90.3	13.1	103.4
FY2013	92.6	5.5	98.1
FY2014	95.9	3.1	99.0
FY2015	96.3	3.5	99.8
FY2016	96.7	3.5	100.2
FY2017	97.5	2.7	100.2
FY2018	97.7	3.6	101.3
FY 2019	99.4	3.2	102.6
FY 2020	100.9	57.6	158.5

Of course, fiscal stimulus can take the form of increased government expenditures or reduced taxes. Were there tax cuts that also furthered the goal of fiscal stimulus? The answer is no; there were no tax cuts associated with Abenomics in 2013. In fact, after having made a big publicity splash with the supplemental budget in January 2013, the political discussion very quickly reverted to concern about the impact of fiscal stimulus on the government deficit. Even though interest rates on government bonds were at historic lows, the fears of excessive government debt and potential difficulty in financing it (if issuing ore government bonds were to cause interest rates to rise) became dominant.

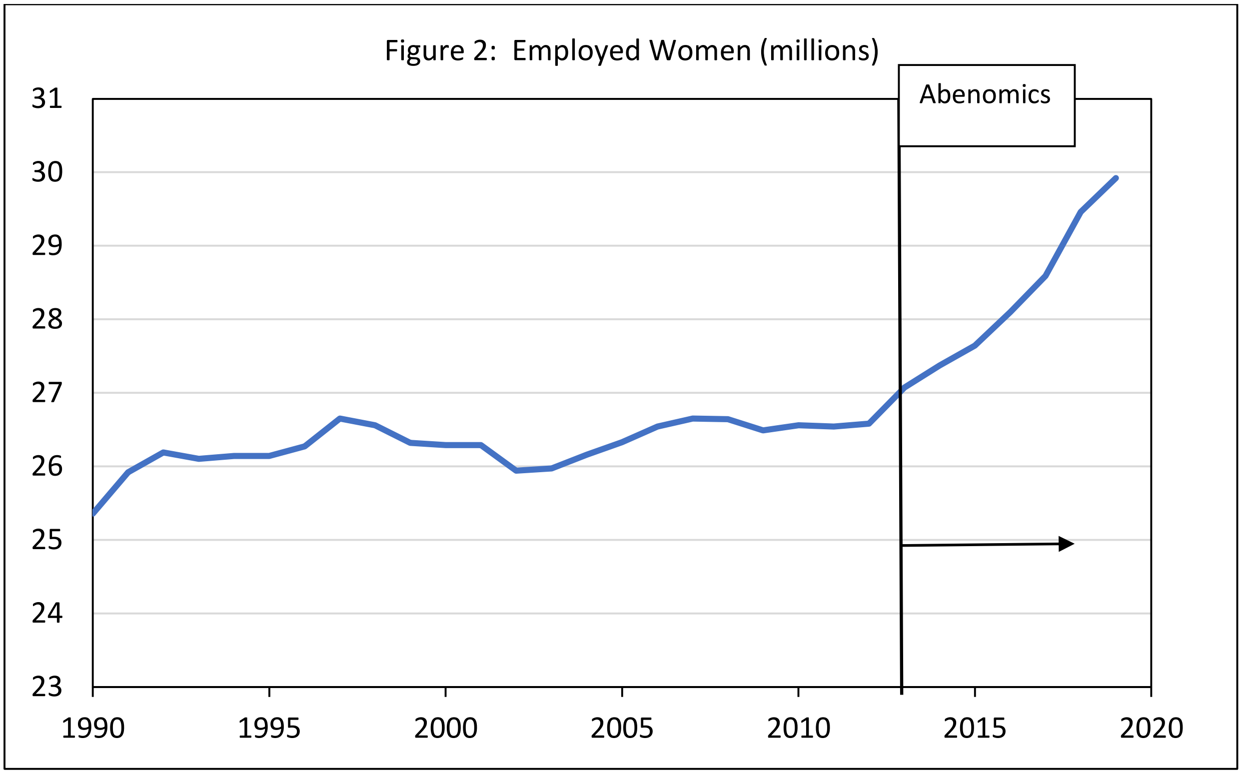
As the discussion of excessive government debt proceeded, the result was that just a year later, on April 1, 2014, the Abe government *raised* taxes, increasing the national consumption tax (sales tax) by 3 percentage points (from 5 percent to 8 percent). This was claimed to be part of Abenomics because the goal was to pursue fiscal "responsibility" (i.e. increasing taxes and cutting expenditures to reduce the fiscal deficit). This tax increase caused a drop in the annual economic growth for 2014. And, Abe raised the consumption tax once more in 2019, from 8 percent to 10 percent on October 1 (though, oddly, this did not push up inflation as it had in 2014).

Combining the story of budgeted expenditures and taxes, the only possible conclusion is that *there was no fiscal stimulus* involved in the implementation of Abenomics. In fact, the Abe years were ones of fiscal retrenchment, not stimulus. The monetary policy of quantitative easing, therefore, was left to stimulate the economy and raise prices on its own with no help from fiscal stimulus—a largely impossible task.

Deregulation and Structural Change

The third "arrow" of Abenomics was a call for substantial structural reform of the economy, including deregulation, corporate governance reforms, labor policy reforms, corporate law changes, foreign worker policies, etc. Japan has been engaged in a gradual reform process since the early 1990s (beginning in earnest in 1994 under Prime Minister Hosokawa), so this piece of Abenomics was not particularly novel. In 2016, the government announced "Abenomics 2.0," which focused entirely on enhancing this "arrow" of the original Abenomics. Many individual policy changes have been either proposed or actually carried out, and for several years the government put out reports on the myriad changes being made. However, many of those changes have been minor, and whether some of the others will be carried out remains problematical.

Over the seven years of Abenomics, one piece of this third arrow received more attention than others: increasing the role of women in the labor force, quickly dubbed "Womenomics." Faced with a declining working age population, getting more workers in the labor force has become a serious policy issue. Increasing the number of employed women is one possible approach. On this one issue, there has been some change, shown in Figure 2.



Employment of women had stagnated from the early 1990s through 2012, fluctuating narrowly between 25 and 26 million, and was 26.6 million in 2012. During Abe's term from 2013 through 2019, though, the number was up to 29.9 million, a 12.4 percent increase. Over the same time period, the number of men working also increased, but only by 3.0 percent. Clearly something was happening to pull more women into the labor force.

The question, however, is whether the increase in employed women was due to the policies of the Abe government or simply a consequence of economic forces. For example, firms have been eager over the past two decades to replace full-time "regular" employees with part-timers and "temporary" employees, who happen to be mostly women. The change over the Abe years is actually rather shocking, as shown in table 2.

Table 2: Employed Women (millions)					
Year	Total Employed	Family or Self-Employed	Employees		
			Total	Regular	Non-Regular
2012	26.5	2.8	23.6	18.7	4.9
2019	29.9	2.5	27.2	11.6	15.6
Source: e-Stat Statistics of Japan, Labor Force Survey, https://www.e-stat.go.jp/en/stat-search/files?page=1&layout=datalist&toukei=00200531&tstat=000000110001&cycle=7&tclass1=000001040276&tclass2=000001040283&tclass3=000001040284					

These numbers, from the Labor Force Survey, are extraordinary. To be sure, the number of women employed increased from 2012 to 2019. A few work in family businesses or are self-employed (tutors, private music teachers, etc.), though that number declined a bit. So, our attention should be on the behavior of corporations with employees. Women employees at companies increased by 15 percent. One could conclude that Abenomics made a difference. But the number of regular employees—those employees working fulltime with a so-called lifetime employment guarantee (i.e. very difficult to fire under Japanese labor law) fell dramatically. In 2012, 18.7 million women were regular employees at companies, but by 2019 only 11.56 million were in this category, a huge 38 percent drop. In contrast, the number of non-regular women employees exploded from 4.9 million to 15.6 million.

The good news is that more women are working. The bad news is that far more women were pushed into less desirable job categories that pay less (per hour worked), have no retirement benefits, and have no employment guarantee.

What appears to be happening is that the corporate sector continued its drive (that began in the 1990s when economic growth slowed to a crawl) to get away from reliance on regular employees because the inability to fire them limits the ability to adjust labor costs over the course of the business cycle. When average growth was high, this did not matter, but when growth is only one percent on average and the business cycle includes real recessions when output shrinks, having more flexibility in labor costs is important.

With this shift in corporate behavior, employment of men has shifted as well. Over the same time period as in table 2, total male employees at companies increased in number only one million, a 4.3 percent increase. And, just like women, the number of regular employees shrank (by 19 percent) and non-regular employees tripled. The difference is that even in 2019, 71 percent of men were still regular employees, while only 42 percent of women were regulars. And, many of the women who are non-regular employees are part-timers rather than temporary fulltime workers. In 2019, 58 percent of non-regular women employees were part-timers, while only 13 percent of the non-regular men were part-timers. (note: the Labor Force Survey did not break out part-time workers in the publication of the results of the 2012 survey).

Given these data, the logical conclusion is that Abenomics had little impact on the goal of improving the role of women in the labor force. The increased employment of women was driven by the continuing desire of corporations to increase the flexibility of their labor costs.

Hiring part-time women wherever possible in their operations suited their needs. Did Abenomics have any impact on these developments? Perhaps under Abe private-sector felt firms felt they had a freer hand in shifting their hiring in the direction unprotected temporary and part-time employees. But this not the sort of thing that politicians really want to take credit for, especially since the wage gap between regular and non-regular employees is large.

Every year the World Economic Forum (based in Switzerland) issues a lengthy report on gender equality. On economic participation and opportunity, Japan slipped in global ranking from 105 (out of roughly 150 nations) in the 2013 report to 115 in the 2020 report. Nothing for Abe to boast about there.

In fairness, under Abenomics some positive changes occurred for working women. One is that the number of day-care centers (and the number of slots for children in them) increased, for example. This is a long-needed development to enable more women with pre-school children to remain in the labor force. But equally important as the number of day-care centers is location, hours of operation, sufficient adequately trained staff, and price. Women need nearby, affordable day-care centers that remain open long enough to accommodate women working full time.

Policies promoting employment of women was only one of the many items in the third arrow of Abenomics. This short paper does not investigate others, but it is likely that others can be criticized as well. Certainly, there were some policy initiatives on deregulation and restructuring government policies toward the private sector, but that has been the case since 1994. Abe has continued the trend of changing or relaxing rules but it would be difficult to support a conclusion that he significantly accelerated the process.

Overall Impact

The overall goal for Abenomics was to increase average real (inflation-adjusted) GGP growth to two percent, and end deflation by bringing the consumer price index to a level of two percent positive inflation, all within two years. In anticipation of achieving these goals, Abe gave a speech at the New York Stock Market in 2013 in which he declared famously that "Japan is back." But did Abenomics subsequently achieve either of these goals? The evidence indicate that it did not.

Table 3 shows what has happened to economic growth for several periods of time. Back in the first decade of the 2000s, GDP growth was 1.5 percent from 2000-2007, representing a recovery from the lost decade of the 1990s (when average annual growth was just under one percent) driven mainly by rapidly rising exports. Then came the Great Global Recession of 2008-2009, producing a real recession in Japan. There was nothing any Japanese prime minister could have done to prevent that. But public dissatisfaction with the Liberal Democratic Party brought in the opposition Democratic Party of Japan (DPJ) in 2009. During their tenure (prime ministers Hatoyama, Kan, and Noda), the economy bounced back from the recession, and then bounced back from the devastation of the 3/11 earthquake and tsunami. From 2009 through 2012, the economy grew at a real rate of 1.9 percent. Nonetheless, the public was dissatisfied with the DPJ and its policy blunders. Perhaps one can say that the economy grew at 1.9 percent despite the policies of the DPJ. Public dissatisfaction with the DPJ brought the victory of the LDP in the December 2012 Diet election and the arrival of Mr. Abe with Abenomics.

During the Abe years of 2013 through 2019, average real GDP growth has been only 1.0 percent. In fact, the picture is somewhat worse than this headline number. What we really care about is households and their ability to buy goods and services. After growing at a modest 1.3 percent rate in the seven years prior to the Great Global Recession, and 1.2 percent in the subsequent recovery, household consumption spending grew only at an annual rate of only 0.3 percent under Abe.

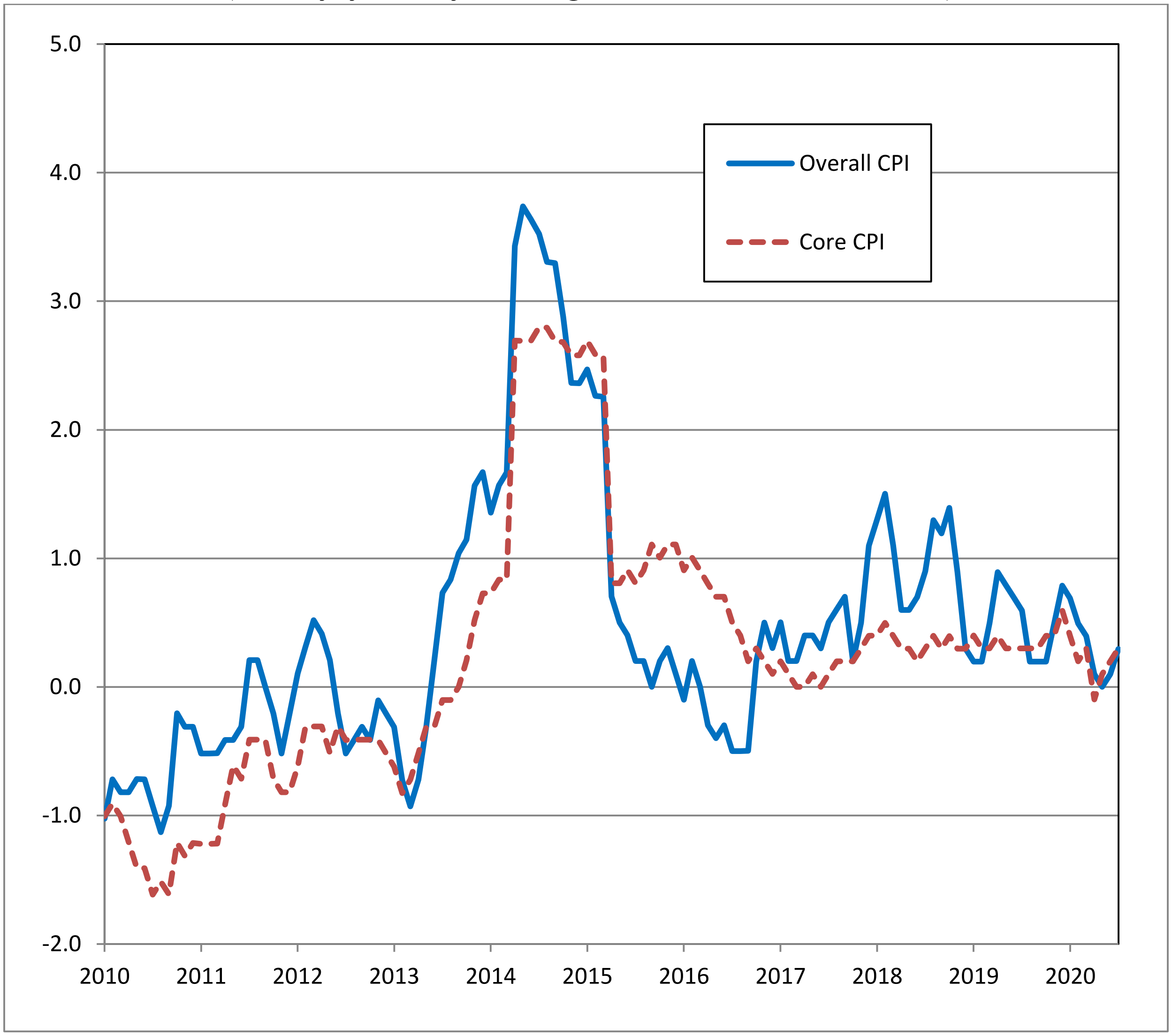
Table 3: Real Average Growth for Various Time Periods (parent)								
Years	GDP	Household Consumption	Private Residential Fixed Investment	Private Non-Residential Fixed Investment	Government Consumption	Government Fixed Investment	Exports	Imports
2000-2007	1.5	1.3	-2.0	2.3	1.9	-6.6	8.0	4.4
2008-2009	-3.3	-0.9	-11.5	-8.1	1.0	1.0	-10.9	-7.5
2010-2012	1.9	1.2	1.2	2.4	1.8	-1.9	8.2	7.5
2013-2019	1.0	0.3	0.8	2.5	1.1	1.3	3.3	2.5

Could one say that the average for the Abe years hides a positive trend? After all, the goal of Abenomics was to restore the economy to two-percent growth within two years. But there is no discernable upward trend in GDP growth; the average for 2015-2019 is still 1.0 percent.

Perhaps holding Abe and his economic program hostage to its stated two-percent growth target is unfair. In the 1990s, the Japanese economy clearly underperformed—growing at less than one percent on average when the potential growth rate was perhaps two percent or a bit higher. In the first decade of the 2000s, perhaps the potential growth rate was still a bit higher than the 1.5 percent it achieved prior to the Great Global Recession. But by the time Abe came into power at the beginning of 2013, potential growth was no longer two percent. The fact that with only one percent growth employment rose and unemployment fell to a very low level is one strong indicator that the potential growth rate for Japan is perhaps in the vicinity of one percent. On Abe's watch, the unemployment rate dropped from 4.3 percent in 2012 to 2.4 percent in 2019. And total employment—in a society with a falling working-age population—rose. But keep in mind that many of those newly employed people were temporary or part-time jobs that do not pay as much as fulltime jobs—hence the stagnation in household consumption spending.

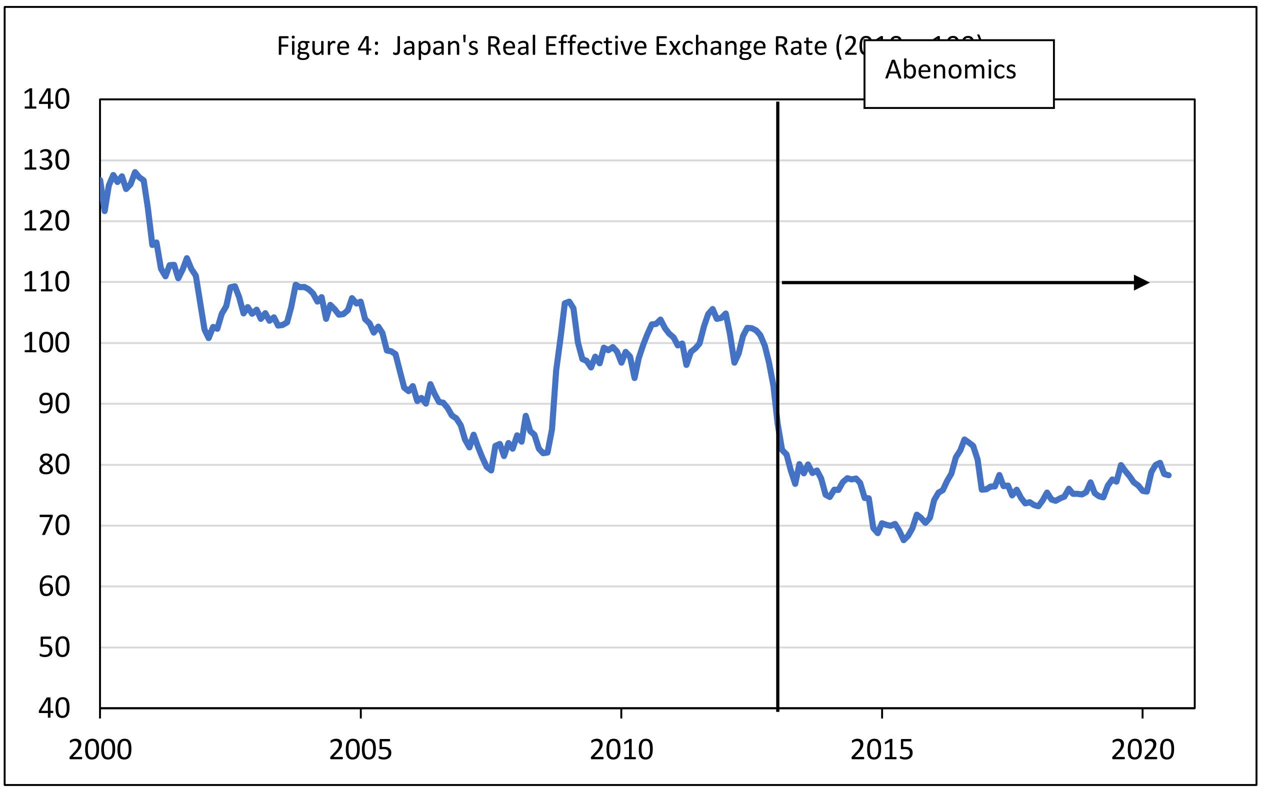
What about consumer prices? Figure 3 shows what has happened, using the year-on-year change in the monthly price index.

Figure 3: Consumer Price Inflation
(monthly, year-on-year change in the Consumer Price Index)



Only for a brief period of time in 2014-2015 did price inflation reach two percent, and that was only because the government raised the national consumption tax by three percentage points. The consumer price index measures prices inclusive of the tax. Other than that artificial bump up in inflation, the government failed to get very close to two percent. And, from 2018 through 2019, inflation was trending lower rather than higher. Oddly, there was no bump up when the consumption tax was raised again in October 2019. One could argue that the focus should be on "core" inflation, which strips out the movement in food and energy prices since they tend to be quite volatile. But core inflation has not gotten at all close to two percent either. Despite the failure of monetary policy to produce the desired result on prices, recall that the aggressiveness of quantitative easing was being reduced; suggesting that the Bank of Japan was rot really committed to the two percent inflation goal.

Trade data present yet another puzzle. In the period when growth looked better in 2000-2007, the driver was exports. The real effective exchange rate (a trade-weighted index of the value of the yen against all other currencies adjusted for relative inflation at home and each partner country) declined sharply as shown in figure 4. This development enhanced the price competitiveness of Japanese products in global markets (and decreased that of imports into Japan). But during the Great Global Recession, the yen rose. Aggressive quantitative easing by the Bank of Japan would be expected to drive the exchange rate down again. Indeed, this is exactly what happened, as the figure shows.



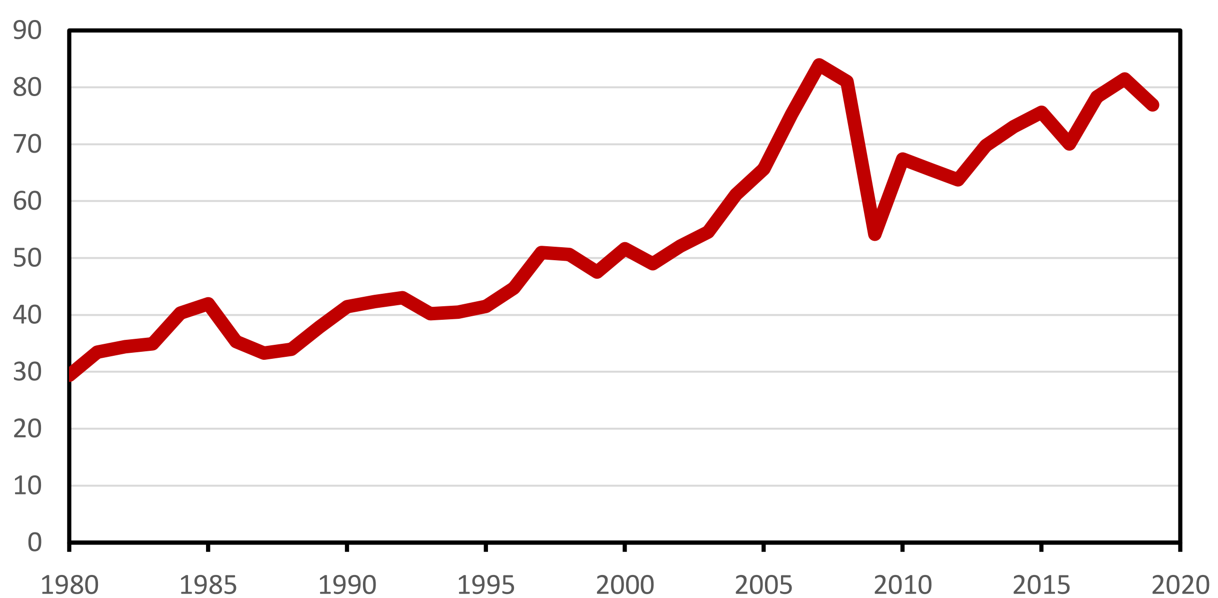
The index number for the real effective exchange rate is set with the average of 2010 to be 100. It began falling in November of 2012, as the LDP victory in the December election appeared quite certain, and the advent of quantitative easing highly probable. By 2015 the real effective exchange rate had fallen to only 70, a 30 percent decline, and lower than what had prevailed prior to the Great Global Recession. Therefore, if the depreciation of the exchange rate in the early 2000s produced a surge in exports (and a slowdown in imports), then the major drop in the exchange rate under Abenomics could be expected to do the same thing.

Table 4 shows what has happened to the average growth rate of nominal (not inflation-adjusted) merchandise exports. In the 2000s prior to the Great Global Recession, exports were expanding at a relatively high 7.5 percent annual average growth rate. The recession brought a short but sharp contraction in exports, and then they started to rebound during the years that the DPJ was in power. But during the years of Abenomics and the drop in the real effective exchange rate exports grew at an average of only 2.9 percent per year.

Table 4: Average Growth of Merchandise Exports, Various Years (percent)	
Years	Percent
2000-2007	7.5
2008-2009	-18.3
2010-2012	6.3
2013-2019	2.9

Figure 5 gives a more visual look at what happened. The sharp upward trend in the early 2000s shows clearly. Exports had accelerated after about 2001, but then fell abruptly in 2008-2009. Recovery set in in 2010 (with a small setback in 2011 due to the earthquake/tsunami), but the recent peak in 2018 was still slightly below the peak a decade earlier in 2007. And, in 2019, before the problems associated with Covid-19, exports fell. The failure of exports to replicate the expansion of the 2000s is a puzzle.

Figure 5: Japan's Annual Merchandise Exports



One final performance topic. What economists really care about is whether people are better off, in the sense that having more “stuff” (goods and services) is a good thing. Economies produce more either by having more people working, or (more importantly) by having each worker produce more. With Japan experiencing a falling population, and, in particular, a falling working age population, having each worker produce more is critical. One simple statistic to indicate rising productivity What has happened to GDP/worker? This is a crude measure of productivity is real GDP per worker.

Table 4: Growth of Real GDP per Worker	
Years	Percent
1995-1999	0.7
2000-2007	1.5
2008-2012	1.5
2013-2019	0.1

As shown in table 5, real GDP per employed person grew at an anemic annual rate of only 0.7 percent percent from 1995 through 1999. This was a time of turmoil, with collapse of the asset bubbles, the resulting huge crisis in the financial sector, and, at least until 2000, very low economic growth. But in the recovery of 2000-2007, the annual growth of GDP per worker increased to 1.5 percent. Even when the Great Global Recession and then the earthquake/tsunami hit, this measure still grew at 1.5 percent on average for the period 2008-2012. But under Abenomics, the average growth of real GDP per worker slowed to just 0.1 percent. This suggests that the third arrow of Abenomics—intended to improve efficiency in the economy—did not accomplish its goal.

Conclusion

Prime Minister Abe created a lot of buzz in late 2012 with his “Abenomics” proposal, and the proposal had the reputation of having been put together by a group of respected, competent economists. His plan helped bring the LDP back into power in the December 2012 election, and was welcomed by investors around the world who helped drive up the Japanese stock market. By 2019, Abe could point to an economy that had positive real GDP growth, positive inflation, and very low unemployment. But the goals of Abenomics of two percent real economic growth and two percent positive consumer price inflation were not achieved.

To be sure, once cannot say that the economy is failing. Japan is a relatively prosperous, clean, safe country with public transportation services that are among the best in the world. And non-inflationary low unemployment is a good outcome. But Abenomics did not achieve its goals on growth and inflation, while productivity growth stagnated and many more workers were stuck in poorly paying temporary and part-time jobs. If there was a positive policy element, it came from the Bank of Japan, though even its effort could have been more aggressive and was hampered by the lack of coordinated support from either fiscal policy or the structural reform agenda.