

**Minister's Summary by Minister Yosano**

**30th Meeting (December 19, 2008)**

**(1) A current economic and labor market situation**

**(2) A proposed agenda of “medium- to long-term fiscal policy and an economic and fiscal outlook for next ten years (provisional name)”**



Kaoru Yosano here. Today, the Council on Economic and Fiscal Policy (CEFP) held the 30th meeting of the year.

The first subject on the agenda was a current economic and labor market situation.

The Prime Minister made the following statement:

Emergency measures we recently announced focus on supporting people's daily livelihoods toward the end of the year, centered on employment measures and support for those with daily cash-flow problems, including the provision of housing for displaced workers. In addition, we are going to take seamless measures through measures to support people's livelihoods during the year change period, this year's second supplementary budget and the budget formulation for the next fiscal year. I would appreciate the cooperation of all related ministers.

How to deal with employment issues and a difficult cash flow situation is people's biggest concern. The Government is going to steadily put into practice countermeasures we have decided to take, including “emergency measures to defend people's daily lives” we today decided to implement, so as to realize both economic recovery and financial consolidation, both of which will serve in an inseparable manner like “two wheels of a cart.”

CEFP members made the following comments:

One member pointed out the need of policy measures that organically link unemployment benefits and vocational training programs, which are rarely linked in Japan, while in France, Denmark, Australia and other countries there have been much closer links between these two.

Another member pointed out that while the manufacturing sector has been overmanned, nursing care for the elderly has a shortage of caregivers, emphasizing the need for eliminating the mismatch of employment demand and labor supply. In addition, he expressed his concerns over possibly significant downside risks, referring to the economic forecast for fiscal year 2009 which was published today. He admitted that mid-year amendment of the forecast would be feasible enough and drew the government's attention to economic conditions.

In response to the above comments, Temporary Member Masuzoe (Minister of Health, Labour and Welfare) expressed his determination to work hard along the lines suggested by the members.

I explained that we approved the economic forecast which estimated a zero growth rate, assuming that a series of countermeasures would work well. I added that I was fully aware of the need for caution.

Other members made the following comments:

One member pointed out that other countries regard the Japanese government as not having taken enough countermeasures against the current crisis, asking for more effective government public relations on this matter and calling for more attention to economic policy which should go a step ahead of the government growth strategy.

Another member asked the Government to promptly enact this year's second supplementary budget and the FY2009 state budget during the ordinary parliamentary session, and also called for more efforts to stabilize foreign exchange rates.

Member Hatoyama (Minister of Internal Affairs and Communications) expressed his preference to make better use of special local allocation taxes as stimulative measures

Member Nakagawa (Minister of Finance) expressed his hope to use JBIC to offer export credit for business commitments in developed nations.

The second subject was a proposed agenda of "medium- to long-term fiscal policy and an economic and fiscal outlook for next ten years (provisional name)."

The CEFPP approved recommendations presented in the papers.

The Prime Minister made the following statement:

The Aso administration has been engaged in economic fiscal management, which is basically "boldness in the short term and responsibility in the medium term." I would also like to have "the medium to long-term economic and fiscal outlook," which presents economic forecasts for the next

decade as well as the overview of mid- to long-term economic and fiscal management, drawn up by the time a proposed budget for the next fiscal year is submitted to the Diet.

I would like to present the first draft of the “economic and fiscal outlook for next ten years” as soon as possible and, after the CEFPP has drawn up its draft, I would like to see the draft approved in a cabinet meeting.

(End)