

## Summary of “Economic and Fiscal Reform 2009: Security, Vitality and Responsibility”

- Simultaneously achieving three goals (security, vitality and responsibility), by coping with “the economic crisis” and “a social crisis” at the same time.
- Addressing immediate “top priority issues” for “overcoming the economic crisis” and “realizing a secure society”

### Vitality

#### Overcoming the short-term and structural “economic crisis”

- ➡ Based on “measures against the economic crisis” and other measures, avoiding a deflationary spiral, and ensuring the bottoming out and recovery of the economy.
- ➡ Envisaging the global economy after the financial crisis, and ensuring new sustainable growth through transformation of industrial and employment structures

#### **[Measures to be taken]**

- ▶ **Promoting the economic growth strategy** (Low-carbon revolution, healthy longevity, and the attractiveness of Japan)
- ▶ **Contributing to sustainable growth in Asia and the world** (including Growth Initiative towards Doubling the Size of Asia’s Economy)
- ▶ **Agricultural reform** (including the consolidation of farmlands through “New Agricultural Land Act”)
- ▶ **Achieving region-based growth by using regional vitality and developing regional identity**
- ▶ **Revitalizing small and medium-sized enterprises through development of core manufacturing technology**
- ▶ **Enhancing research and development through public assistance systems which give top priority to researchers**
- ▶ **Regulatory and institutional reform, etc.**

### Security

#### Overcoming “a social crisis,” including an aged society with a declining birthrate and widening income gaps

- ➡ Restoring and enhancing public confidence in social security and in public services to realize a secure society
- ➡ Pushing forward the reconstruction of a secure society centered on employment stability, which ensures security in people’s daily lives

#### **[Measures to be taken]**

- ▶ **Reconstructing a secure society which ensures security in people’s daily lives (by reinforcing and streamlining social security system to correct “gaps in social security coverage,” reconstructing social security coverage mainly through employment stability for younger generations, and fundamentally improving and expanding countermeasures against the declining birthrate)**
- ▶ **Safety and livelihood support** (Establishing Consumer Affairs Agency, and supporting livelihoods of persons with disabilities and assisting their job placement)
- ▶ **Defense, disaster preparedness and public security** (Responding to the present security environment including North Korea’s missile launches, enhancing disaster preparedness and disaster reduction to prepare for major earthquakes and other disasters, and turning Japan into “the world’s safest nation” )
- ▶ **Rebuilding of education** (Offering higher-quality public education to ensure fair educational opportunities), etc.

### Responsibility

#### In line with the stance of “boldness in the short term and responsibility in the medium term,” promoting fiscal consolidation

- ➡ To ensure the sustainability of economic growth and of social security, setting new fiscal consolidation targets and clarifying the medium- to long-term policy direction toward fiscal consolidation

#### ▶ Directions of the fiscal 2010 budget

- Setting a different guideline on budgetary requests for FY2010 from that for the previous fiscal year and prioritizing budget allocation
- Addressing immediate “top priority policies” and putting into practice measures to “enhance growth potential” and “achieve a reassuring society,” thus prioritizing and streamlining budget allocations and taking necessary actions in the process of budget formulation

#### ▶ Renewed administrative reform

- Ceaseless administrative reform and the continued, thorough elimination of waste
- Promoting “qualitative reform” as well as “quantitative reform” to create a lean yet caring government
- Formulating a new downsizing plan (to cut the number of employees by at least 10% over a five-year period), etc.

#### Fiscal consolidation targets

- Setting to achieve fiscal consolidation, and aiming to stabilize the ratio in the mid-2010s and then steadily reducing it in the early 2020s
- Achieving a combined surplus of the primary balance of the central and local governments within 10 years’ time
- Putting the economy back on the recovery track, and then reducing the primary balance deficit relative to GDP of both central and local governments, excluding temporary deficits incurred by economic stimulus packages, by at least 50% in less than five years’ time