

“Measures to counter difficulties in people’s daily lives”
—Outlines of economic countermeasures for the Japanese people—
October 30, 2008

1. Countermeasures against difficulties in daily life

- ① Fixed-sum tax reduction, etc. (stipend method) 2 trillion yen
(total expenditure)
- ② nursing care and childcare
 - raise compensation for nursing care by 20,000 yen/month; secure 100,000 nursing care workers
 - increase use of childcare services by infants under 3 years by 50%
 - special allowance for child-rearing from second child onwards: 36,000 yen/year
 - maternity checkups to be made free (14 times)
- ③ employment
 - reduction of unemployment insurance premiums (rebate of c.20,000 yen per average household in FY’09)
 - employment promotion measures
 - encouraging regular employment of older “freeters” (irregular and part-time or casual employees)
 - creation of new employment (through sales of locally-produced goods, elderly care, etc.)
- ④ tax reduction concerning mortgages, etc.)
 - tax reduction for mortgages on biggest scale ever (deductible sums); tax reduction for home remodeling
 - relaxation of floor-area ratio requirements for energy-saving office buildings to be built
- ⑤ requests to utility companies to reduce fee increases for power and gas supplies and to level fees among various companies

2. Enhancing resourcefulness of MSMEs and other companies; finance-related measures

- ① countermeasures against cash-flow difficulties: safety net finance totaling 30 trillion yen

--emergency credit guarantees: total to be raised from a maximum of 6 trillion to a maximum of 20 trillion yen

--emergency credits from government-affiliated financial institutions: total to be raised from a maximum of 3 to a maximum of 10 trillion yen

② tax system conducive to bolstering growth

--immediate and full depreciation of new-energy and energy saving-related investments

--tax reductions for medium- and small-sized companies

--promotion of reflows of overseas income (17 trillion yen) to Japan

3. The regions

① reduction of highway tolls

--“only 1,000 yen on weekends however far you go”; “30% off in daytime on weekdays too”

② 1 trillion yen to be allocated to the regions upon reallocation of tax revenues from road projects to general purposes

③ regional infrastructure to be developed in a manner tailored to local needs through the use of “regional revitalization subsidies”

4. Mid-term Program on Fiscal Revenues and Government Finances

① No deficit-financing bonds for these economic countermeasures. Reserves in special-purpose government accounts, etc. to be used.

② Basic structure of Mid-term Program

--During the period up to three years considered necessary for economic recovery, taxes to be reduced for a limited duration

--After the economic situation has improved, fundamental reform of the tax system, including the consumption tax, shall be promptly launched, so as to ensure fiscal discipline as well as social security that enables peace of mind. This to be implemented in stages until the mid-2010's.

--At the end of 2008, an “Overall Image of Fundamental Reforms” concerning the tax system as a whole to be presented