

Restoring Vitality to Japan

The Democratic Party of Japan's Policy Platform for Government

Putting People's Lives First
The Democratic Party of Japan
www.dpj.or.jp

Fourteen years have passed since the former Democratic Party was established, and twelve years have already elapsed since the present Democratic Party of Japan was formed. It took all these years to realise a change in government.

For me, the greatest source of satisfaction over these years has been the large number of people who have joined the Democratic Party of Japan with high aspirations and a deep knowledge of public policy.

Today, the people have entrusted the Democratic Party of Japan with the reins of government. Needless to say, it is not possible for me to bear this heavy responsibility by myself alone.

The DPJ's highly diverse range of human resources are working hard, both in the government and in the party, to respond to the people's trust and to support the nation's progress. I hope that you will take some time to familiarise yourself with the valiant efforts of the men and women of the DPJ.

The DPJ is one united team.

My job is to bring together the diverse capabilities and efforts of these men and women in order to respond in good faith to the trust the people have placed in us. Without any doubt, we shall succeed in realising reform and restoring vitality to Japan.

Naoto Kan
Prime Minister and President of the Democratic Party of Japan

A Strong Economy, Robust Public Finances, and Strong Social Security System

Manifesto 2010

Naoto Kan
94th Prime Minister of Japan

Towards a New Japan

The wise decision rendered by the people in last year's general election achieved a change in government that has left its mark in the history of democracy in Japan. It is my belief that this change in government was the result of the long-standing impasse and vague and pervasive sense of anxiety and insecurity for the future that has enveloped this country since the collapse of the bubble economy. Thus, the most important mission of the new government is to launch a new Japan capable of resolving the impasse that has long frustrated the people so that they can once again look to the future with hope.

The Third Way

My choice in breaking free of the impasse that has long hemmed us in is the "Third Way." This is an approach that avoids excessive dependence on fiscal stimulus. At the same time, it avoids tilting excessively towards competition. In its essence, the "Third Way" represents a package of economic policies that address the issues of the economy, public finance, and social security in an integrated manner.

The "First Way" is economic policy centring on public works. This approach was very well suited to the needs of the period of rapid economic growth during the 1960s and 1970s. But in more recent years, the "First Way" has resulted in the accumulation of huge fiscal deficits.

The economic policies of the "Second Way" are grounded in excessive market fundamentalism. In recent years, this approach gave rise to a prolonged period of deflation and failed to address an essential dilemma, which is that an enterprise can restructure and lay off employees, but a country cannot restructure and lay off its people. These failings of the "Second Way" created extreme instability in the lives of the people.

In the absence of clear political leadership, Japan continued to maintain policies that could not cope with the ongoing changes in its industrial and social structures. This resulted in long-term economic stagnation, growing fiscal deficits, and increasing instability in the social security system. Learning from these past mistakes, the new government will opt for the

“Third Way.” Environmental problems, the declining birthrate, the ageing of society, and other urgent issues facing Japan must be resolved; an Asian economic strategy must be pursued to meet new demand in fast-growing Asian countries; and positive measures must be taken in the area of tourism where Japan’s domestic resources can be effectively utilised. We will create new jobs by responding to the huge demand created by such measures. This will be used as a springboard for generating a virtuous cycle of economic growth (strong economy), fiscal restructuring (robust public finances), and improved social security (strong social security system). The impasse that weighs down on Japan is the creation of mistaken policies. By the same token, the impasse can be resolved through the implementation of correct policies. It is my conviction that the “Third Way” represents the package of policies now required.

Strong economy → Strong social security system → Robust public finances
→ Virtuous cycle for Japan

Exhaustive Clean-up of the DPJ

Achieving Clean Politics

In the past, the DPJ was unable to eliminate the people’s distrust of politics that is rooted in the problems of “politics and money.” I would like to offer a very sincere apology for this failure.

Former Prime Minister Yukio Hatoyama, my predecessor as president of the DPJ, left these words of advice to me as I took office. “Please do an exhaustive clean-up of the DPJ to return it to its original state.” I have taken these words to heart and intend to return to the starting point of our party and do everything in my power to realise low-cost and clean politics. As the first step towards regaining the confidence of the people, I will act as soon as possible to ban political donations from corporations and organisations and to reduce the number of Diet members.

Changing the “Shape of the Nation”

The shape of our nation has been dramatically altered on various occasions in the past, such as at the time of the Meiji Restoration and following the end of World War II. Today, we are again being pressed to change the shape of our nation.

In our foreign relations, it is important for Japan to maintain the Japan-US alliance as the lynchpin of our diplomacy, while strengthening our cooperative ties with Asian countries. We will actively engage in EPA and

FTA initiatives and will promote greater exchanges of people and goods. In this context, a special effort will be made to channel the economic vitality of Asian and other countries into Japan's domestic economy. We will also encourage greater international exchange in the fields of culture and the arts and will work to create a Japan that is open to the world.

On the domestic front, we will implement bold reforms to promote regional sovereignty for the purpose of realising local autonomy and self-reliance. To achieve this objective, we will engage in transferring legal authority and fiscal resources to local governments. By creating mechanisms to allow regional affairs to be decided by the regions, the centralised system of state authority that has characterised Japan's political system since the Meiji Era will be fundamentally revised.

We will carry forward the "New Concept of Public Service" launched by the Hatoyama Cabinet as an initiative for creating a new society. While public service has long been viewed to be the exclusive domain of government offices and agencies, this new concept proposes the participation of large numbers of ordinary people in providing public services. In the society that we envision, everyone will participate in social functions. People will assist and support each other and will be given opportunities to be of use to others who are in need. None will be isolated and alienated. Each will find ample opportunities for confirming his or her presence in society. Finally, all will share in the responsibilities of society. We will work to realise such a society by providing support to non-profit organisations and the activities of civil society, by promoting the transfer of power to the regions, and by building cooperative relations between the public and private sectors.

Reform to Start at the Grassroots

I was born into a middle-class family headed by a father who was a salaried worker. I am a very ordinary citizen whose involvement in politics goes back to civic movements that I participated in while working in a patent office. Throughout my career, I have challenged the political establishment from the grassroots. As was the case with the designers of the Meiji Restoration, freedom from the existing political establishment serves as a vital source of strength in pursuing and achieving major reforms.

The goal of our reforms is to create a "society of minimum unhappiness." Happiness is a highly personal matter that varies according to individual values and perceptions. This is an area unsuited to interference by the powers of government. On the other hand, many of the causes of unhappiness are universal and can be avoided, such as through the elimination of war and crime and the prevention of diseases and

unemployment. Politics is power, and it is my belief that the elimination of the causes of unhappiness constitutes the proper use of this power.

I envision a society in which people are bound together, a society in which local and regional communities are autonomous and vigorous, a Japan whose doors are opened wide to the entire world, and in which the unhappiness of each individual can be minimised. The DPJ is united in its pursuit of a new Japan that meets these criteria.

Naoto Kan
President, Democratic Party of Japan

Achieving a Strong Economy

- **End deflation as soon as possible by having Government and Bank of Japan cooperate in an intensive program of action .**
- **Achieve economic growth exceeding 3 percent nominal rate and 2 percent real rate (average for the period through fiscal 2020).**

Human Resources Development

Introduce a new certification system for practical job skills to develop human resources that match current needs and that can be effective in the international arena.

Infrastructure Exports with Prime Minister and Cabinet Ministers as Sales Force

Promote infrastructure exports, such as high-speed railways, nuclear power plants, water and sewage facilities and management systems, desalination and related water facilities through private- and public-sector cooperation under government leadership. Consider the effective use of the Japan Bank for International Cooperation, trade insurance, official development assistance, and the establishment of a related fund.

Cool Japan

Undertake strategic investments in food, music, culture, fashion, design, and related fields to increase the transmission of information to the world; promote the development of new businesses through digitalisation and enhanced protection for film, anime, music, and other content.

Medicine, Nursing Care, Agriculture, and Housing as New Growth Industries

Search out latent demand by promoting international medical exchange capitalising on Japan's advanced medical technologies; establishing agriculture as a "sixth sector" through the integration of production, processing, and distributing functions; supporting measures to promote barrier-free remodelling and seismic retrofitting.

Regulatory Reform

Abolish the distinction between kindergartens and childcare facilities to allow the development of integrated facilities. Promote regulatory reform, including review of regulations pertaining to power generation facilities to promote the widespread use of renewable energy sources.

Comprehensive Economic Zones and Urban Policies

Develop comprehensive economic zones and revitalise regional economies by implementing integrated and intensive policies, including regulatory reform, introduction of tax exceptions and establishment of mechanisms for ongoing support. Promote the revitalisation of the Tokyo metropolitan

area and other major cities through the enactment of the Basic Act for Major Metropolitan Areas Strategy (provisional title).

Green Innovation

Implement fixed-price purchase system for renewable energy mandating purchase of all power generated; develop and diffuse effective smart grid technologies; promote the spread of eco-friendly cars, appliances, and homes; encourage energy-conservation in the corporate sector through global warming taxation now being considered for introduction in fiscal 2011 and other measures.

Life Innovation

Support innovation in medical equipment and pharmaceuticals; promote telemedicine by integrating ICT into medical and nursing care industries; support development of regenerative medicine and robotics in nursing care.

Tourism

Transmit strategic tourism information and ease visa requirements to increase foreign tourists to Japan to 30 million visitors per year. Create attractive tourist areas by developing diverse tourism resources in tandem with village and town revitalisation programs and promote the introduction of a "local holiday system", in which different regions take public holidays at different times.

EPA/FTA

Take positive measures to promote the conclusion of economic partnership agreements (EPAs) and free trade agreements (FTAs) with Asian countries, as well as with countries throughout the world; pursue domestic regulatory reform, including liberalisation and easing of restrictions on investment.

Reduction of Corporation Tax Rate

Simplify corporation taxation system and review corporation tax rate from the perspective of maintaining and strengthening international competitiveness and promoting foreign investment in Japan. Reduce taxes on small- and medium-sized enterprises (from 18 percent to 11 percent) and consider various changes such as the abolition of joint and personal loan guarantee systems.

Space and Oceans

Put information gathered by satellites to diverse use and develop space industries. Promote ocean-related policies based on the Basic Act on Ocean Policy, and safeguard and utilise exclusive economic zones and continental shelves.

Okinawa

Position Okinawa as a hub for East Asian economic and cultural exchange; implement measures capitalising on particular local characteristics; support measures implemented by Okinawa.

Eradicate Waste and Amakudari to Achieve Fiscal Soundness

People's view of politics is changing with the transition from pork-barrel politics to a politics that transforms government business.

1. Eliminate Wasteful Spending and Move Forward with Government Revitalisation → Robust Public Finances

- Clearly prioritise policies based on the principle of “putting people’s lives first” and move forward on thorough restructuring of government budget.
- Review all special accounts using such methods as the public budget screening process. Abolish all unnecessary special accounts.
- Under the authority of the Government Revitalisation Unit, monitor and verify government contracts, including contracts for the procurement of supplies, to eradicate waste and lower procurement costs.
- Engage in reform, including abolition of public service corporations that are hotbeds for *amakudari* (golden parachuting).
- Take positive steps towards disclosure of government information, including diplomatic documents. Amend the Information Disclosure Act to include explicit provisions concerning the people’s right to know.
- Reduce total number of national civil servants by 20 percent, beginning with politicians and executive-level government employees.
- Undertake changes to make the demotion of executive-level government employees possible; promote recruitment from the private sector.

Things That Must Be Done Immediately

- Beginning in fiscal 2011, adopt three-year framework for government budget and manage fiscal spending in compliance with a Medium-Term Fiscal Framework.

- Adopt the principle that all new policy initiatives must be funded by reduction of current spending or through increased revenue.
- For fiscal 2011, make the greatest effort possible to avoid exceeding the level of government bonds issued in fiscal 2010.
- Further reduce wasteful spending through the public budget screening process and other means; clearly prioritise policies; start comprehensive review of government budget based on examination of both revenue and spending sides.
- Launch non-partisan discussion on fundamental reform of tax system, including consumption tax rate, with an aim to reach a speedy conclusion.

Medium-Term Objectives

- Reduce the deficit in the primary fiscal balance (in terms of GDP ratio) by 50 percent or below between fiscal 2010 and fiscal 2015.

Long-Term Objectives

- Achieve a surplus in the primary fiscal balance by fiscal 2020.
- Beginning in fiscal 2021, steadily reduce the GDP ratio of long-term government debt.

Realise Low-Cost Clean Politics

Politicians must take measures that affect themselves personally in order to regain the people's trust.

The political system must be open to all aspiring persons, not just the rich or those from politically prominent families.

2. Political Reform

- Reduce the number of seats in the House Councillors by about 40 and the proportional representation seats in the House of Representatives by about 80.
- Lower Diet member expenses by 20 percent by introducing per-diem accounting and reviewing allowances paid to committee chairpersons.

- To promote active parliamentary debate, significantly increase the length of ordinary Diet sessions, in effect achieving year-round sessions. Review the status and practices of Diet committees.
- Revise the tax system to promote political donations by individuals. Revise the Political Funds Control Act to ban political donations by corporations and organisations and to ban the selling of party tickets.
- Enact laws prohibiting the transfer of political fund management organisations of Diet members to relatives.
- Adopt the following measures to ensure unified full disclosure of political funds: mandate consolidated accounting in income statements of political fund management organisations of Diet members; mandate unified submission of income statements to the Ministry of Internal Affairs and Communications; mandate external audits of income statements; and disclosure on Internet.
- Establish an independent Election Commission to ensure disclosure of political funds income statements, dramatically improve transparency, and to achieve full compliance with laws and regulations pertaining to elections and political funds.
- To ensure the most important and fundamental right in the exercise of popular sovereignty, rectify the disparities in the weight of votes cast in elections of the House of Representatives and House of Councillors.

Realising Enlightened National Interests through Responsible Foreign Policies

International society is going through immense tectonic changes.

Under such conditions, we will pursue a foreign policy based on realism, while continuing to call for the ideal of world peace.

3. Foreign Relations and National Security

- Deepen the Japan-U.S. alliance by strengthening bilateral ties in the areas of comprehensive national security, economics, and culture and the like.
- Regarding the relocation of the Futenma Air Station, make all possible efforts to reduce the burden on Okinawa in line with the Japan-U.S. agreement.

- Propose the revision of the Japan-U.S. Status of Forces Agreement as a step towards building close and equal Japan-U.S. relations.
- Make all possible efforts to establish mutual relations of trust with China, South Korea, and other Asian countries as a step towards creating an "East Asian Community."
- To play a role in peace building in Afghanistan and elsewhere, examine the participation of Self-Defense Forces in peacekeeping operations and civilians in activities contributing to international society. Aim to become a permanent member of the United Nations Security Council.
- Cooperate with international organisations and non-governmental organisations to strengthen Japan's development assistance to developing nations in Africa and elsewhere, and review the status of Japan's official development assistance to improve the quality and quantity of assistance provided.
- Cooperate with related countries to continue Self-Defense Force anti-piracy operations in order to ensure the security of shipping lanes and to contribute to international society.
- Engage in the reduction of nuclear weapons, work towards early conclusion of nuclear-related treaties and prevent the proliferation of weapons of mass destruction in order to realise a nuclear-free world. Endeavour to make Northeast Asia a nuclear-free zone.
- Make all possible efforts to urge North Korea to abandon the development and deployment of nuclear weapons and ballistic missiles and to resolve the problem of Japanese abductees, which represents a violation of national sovereignty and human rights.
- Formulate National Defense Program Guidelines and a Mid-Term Defense Program by the end of this year in line with current international conditions and promote defence cooperation with Australia, South Korea, and India. Strengthen relations of mutual trust with China, including in defence exchanges, while urging greater transparency in China's defence policies.
- Maintain and stimulate the development of defence-related manufacturing technologies by promoting civilian use of defence-related equipment, while remaining committed to the basic philosophies of a pacifist country.

The Children Who Will Support the Future of This Country Deserve Top Policy Priority

“Children first!” Japan must transform itself into a country that involves the entire society in raising and nurturing its children. For this purpose, further improvements will be made in education policies, including support for childrearing and higher education.

4. Childrearing and Education

- Acquire the necessary fiscal resources to increase the child allowance from the current level of 13,000 yen per month.
- Taking into account regional and local conditions, increases in the child allowance may also be made available in the form of actual services.

Inclusion of the following in “actual services” is being considered: increase in capacity of childcare facilities, reduction in childcare fees, reduction of burden of medical expenses for children, provision of free school lunches, subsidisation of vaccination costs.

- From fiscal 2011, residence in Japan will be required for children to be eligible for the child allowance. Children living overseas will not be eligible for the allowance.
- Increase childbirth-related support, including payment of lump-sum childbirth benefit and assistance for infertility treatment.
- Create a scholarship system covering all students at universities and tertiary-level vocational training colleges who apply. Expand tuition exemption system for university students to rectify education disparities.
- Provide seamless services from childbirth through stages of childhood growth. In particular, promote integrated childcare and education systems for pre-school children.
- Promote smaller classes and provide for greater flexibility in classroom organisation and assignment of teachers and staff.

We Will Do Our Best to Reduce the Uncertainties That Come With Illness and Old Age

We will acquire the necessary fiscal resources to build sustainable social security systems.

5. Pensions, Medical Care, Nursing Care and Welfare for Persons with Disabilities

- Continue concentrated efforts to resolve the problems of “vanishing pensions” and “erased pensions” by the end of fiscal 2011. Develop a pension passbook and other mechanisms for easy confirmation of premiums paid and benefits entitled to.
- Use of pension premiums for other purposes will not be allowed.
- Implement fundamental reforms in the taxation system one purpose being to realise a unified pension system ensuring a minimum guaranteed monthly pension of 70,000 yen.
- Abolish the Health Insurance Scheme for People Aged 75 and Over and launch a new medical care scheme for this age group in fiscal 2013.
- Continued efforts will be made to increase remuneration for medical services rendered.
- Expand the capacity of medical schools and increase the number of doctors by 50 percent to resolve the shortage of doctors in outlying regions. Continue efforts to increase the number of nurses and other health care workers.
- Strengthen the vaccination system against new strains of influenza, expand systems for prevention and medical examinations for cancer, and support hepatitis patients.
- Continued efforts will be made to secure professional long-term care by raising the monthly pay of home helpers and similar workers.
- Promote home-visit medical services, home-visit nursing services, at-home long-term care and at-home rehabilitation to create an environment for secure and comfortable living. Give support to family members who are actually providing long-term care.
- Abolish the Services and Supports for Persons with Disabilities Act and enact a comprehensive law for the welfare of persons with disabilities based on principle of ability to pay.
- Take positive countermeasures against suicide, including expanded counselling services and mental-health related measures. Promote the development of an appropriate environment for receiving psychiatric care.

Supporting the People Working on the Frontlines of the Economy

Our goal is to create a society that provides job opportunities to all who wish to work, including the elderly and women. We will work hard to eliminate economic disparities and to achieve a better work-life balance in Japan’s labour force.

6. Employment

- Enact a Support System for Job Seekers during fiscal 2011, and provide greater support to persons who have lost their homes due to unemployment.
- Develop systems for one-on-one job-search support for irregular workers and long-term unemployed persons.
- Support the employment of new high school and university graduates by assigning expert counsellors and increasing payments of recruitment subsidies to businesses employing new graduates.
- Promote the harmonisation of lifestyles and work by ensuring equal and balanced treatment of persons performing the same work at the same workplace.

Revitalise the Agriculture, Forestry, and Fishery Industries, Raise Japan's Food Self-sufficiency Ratio, and Achieve "Food Safety"

Agriculture, forestry, and fisheries will be positioned as growth industries and continued efforts will be made to fundamentally review Japan's traditional policies.

7. Agriculture, Forestry, and Fishery Industries

- Verify the trial individual household income support system for rice, which was started in fiscal 2010, and gradually expand the scope of the program to include other crops and non-agricultural products.
- Promote the revitalisation of agriculture, forestry, and fisheries industries and rural communities by raising the value of their products by integrating these industries with the manufacturing and retailing industries (transforming agriculture, forestry, and fisheries into a "sixth sector").
- Expand the scope of mandatory traceability and labelling of place of origin of food materials.
- Promote consumption of local products in meals served at schools and facilities for the elderly.
- Make all possible efforts to stop the spread of foot-and-mouth disease and provide livelihood and business rehabilitation support to affected persons and households.

8. Postal Reform

* Ensure the speedy enactment of the Postal Reform Act in the next Diet session as a top priority issue.

Revitalise Regions through Implementing Regional Sovereignty Reforms

We will significantly increase the transfer of authority and fiscal resources to the regions to create a system where local decisions are made locally.

9. Regional Sovereignty

- As the first step towards lump-sum grants whose use can be freely determined by local governments, transform all fiscal 2011 subsidies for public works and investments into lump-sum grants, and consider expanding the scope of lump-sum grants in the future.
- Make continued efforts to abolish local contributions to projects under the direct jurisdiction of the central government.
- Allow local governments to decide on the establishment of Public Welfare Offices and standards for parks to ensure higher quality of services to local residents.

Public Works Will Be Reviewed to Revitalise the Regions

We will reduce the cost of transporting people and goods. We will develop modes of transport that best suit local needs.

10. Transportation Policies and Public Works

- Reduce the overall burden of automobile tonnage tax and automobile acquisition tax from the perspective of streamlining them and promoting environmentally-friendly transportation.
- Highway tolls will be gradually eliminated in principle, while keeping an eye on the effects of toll-less highways and the impact on other forms of public transportation.

- Enact a Basic Act on Transportation (provisional title) and develop a comprehensive transportation system, including public modes of transport, to provide all people with opportunities for social participation and to create eco-friendly transportation systems.
- Promote the transition to a policy of “flood control that depends as little as possible on dams” by re-examining dam construction projects throughout Japan without prejudice, including the Yanba Dam whose cancellation has been announced.
- Engage in strategic development of hub airports from the perspective of selection and concentration. Promote open-sky policies facilitating entry of new enterprises and increase in flights, and promote greater competition in fares and services.
- Actively adopt mechanisms and methods utilising private-sector funds, management capabilities, and technological capabilities to make steady and strategic progress in maintaining and renewing social capital.

Report on What the Democratic Party of Japan Has Accomplished So Far

Progress made in the implementation of the Manifesto for the 2009 House of Representatives election (as of June 11, 2010).

Total number of policies	179
Fully implemented	35
Partially implemented	59
Preliminary steps taken	70
No steps taken	15

[Accomplishments] (Includes policies not contained in the 2009 Manifesto)

1. Policy-making and Decision-making Controlled by Politicians

The Administrative Vice-Ministers Meeting, which symbolised the bureaucracy's control of government administration, has been abolished. The process of drafting, coordinating and deciding policy is now led by the politicians in the top three positions in each ministry (minister, senior vice minister, and parliamentary secretary).

2. Establishment of the National Policy Unit

The National Policy Unit, reporting directly to the Prime Minister, was established to rise above compartmentalised ministerial structures and to pursue national interests under the leadership of the Prime Minister's Office. The National Policy Unit has been engaged in formulating basic economic policies and tax and fiscal policies.

3. Politics from the Perspective of the People

In long-fought court cases pitting the government against atomic bomb victims, Minamata disease victims and others, politicians have put themselves in the position of the victims and have expedited support to them. Positive steps have been taken in the direction of information disclosure through such measures as holding "open press conferences" and the investigation and release of so-called "secret agreements."

4. Ban on "Hereditary" Diet Seats

The entire DPJ made the decision to ban "hereditary" Diet seats (ban a spouse or relative of a Diet member from running consecutively for office from the member's electoral district).

5. Implementation of Emergency Employment Measures

Emergency Employment Measures were formulated and put into effect in October 2009. These measures feature employment support for the poor, the needy and new high school and university graduates, and an Emergency Job Creation Program in nursing care and other priority areas.

6. Implementation of Economic Measures

A 7 trillion yen supplementary budget was adopted in January 2010 and a policy called “Emergency Economic Countermeasures for Future Growth and Security” was launched with emphasis on employment, the environment, and economic stimulation.

7. Improvement in Economic Conditions

Economic conditions have steadily improved since the change in government. More recently, momentum for growth has been building up with the achievement of an annualised economic growth rate of 5.0 percent.

8. Basic Policies on Growth Strategy

A New Growth Strategy was formulated in December 2009, outlining the basic policies for achieving a nominal economic growth rate of 3 percent and a real growth rate of 2 percent.

9. Thorough Review of Budget Allocations

The public works budget was reduced by 18 percent through review and freezing of projects. Meanwhile, the social security budget, including spending on medical care, nursing care and childrearing, was increased by 9.8 percent as the remuneration schedule for medical services was increased for the first time in ten years and child allowances were instituted. The education budget was also increased by 8.2 percent.

10. Review of Existing Budget Proposal

The fiscal 2010 draft budget proposed by the LDP-Komeito government was reviewed by the top three politicians in each government ministry, resulting in budget cuts amounting to 1.3 trillion yen.

11. Review of Government Programs

Government programs were reviewed to inspect individual projects and budget items. Open to the public and involving the participation of outside experts, the program review process led to the freezing of ineffective projects and programs and the review of "pass-through subcontracting" by public corporations staffed by retired *amakudari* bureaucrats. These actions have resulted in savings of about 2 trillion yen.

12. Review of Independent Administrative Institutions and Public Service Corporations

The second series of government program reviews focused on the operations of independent administrative institutions and public service corporations to identify *amakudari* and inefficient projects and programs and to urge their review or abolition.

13. Open Recruitment of Heads of Independent Administrative Institutions

The established practice of assigning retired *amakudari* bureaucrats to top positions in independent administrative institutions was abolished. Henceforth, in principle, top positions will be filled through a process of open application and recruitment.

14. Review of Discretionary Contracts of Independent Administrative Institutions

Contract Review Committees were established in independent administrative institutions to inspect and to review contracts, creating a mechanism whereby contracts are inspected by the minister in charge.

15. Review of Special Accounts

A decision was made in the Administrative Reform Council to thoroughly review all special accounts and to abolish all non-essential and unnecessary special accounts.

16. Oversight of Budget Implementation

Budget Oversight and Efficiency Teams were established in ministries under the leadership of senior vice ministers to control budget implementation and to ensure appropriate, transparent and efficient use of budgeted funds.

17. Eliminate Wasteful Use of Taxpayers' Money in All Ministries

A process of administrative review has been established in all ministries to undertake internal screening of projects and programs. The review process is aimed at inspecting the efficiency of individual projects and programs and at determining whether individual projects and programs are needed.

18. Review of Special Taxation Measures

Special taxation measures constitute exceptions to tax laws designed to reduce the tax burden on designated activities. Legislation has been enacted for the abolition or reduction of 41 special national taxation measures and 57 special local taxation measures. The legislation also contains provisions for the examination of all special taxation measures.

19. Ban on Ministry Involvement in Placement of Retired Civil Servants in *Amakudari* Posts

Ministry involvement in the placement of retired civil servants in *amakudari* posts (2,500 persons per year according to government estimates) has been effectively banned.

20. Payment of Child Allowances Started

The payment of child allowances of 13,000 yen per month to all children until finishing junior high school has been started.

21. Expansion of Childcare Services

The decision has been made to increase the capacity of childcare services by 50,000 children per year between fiscal 2010 and fiscal 2014. This program is now being implemented.

22. Revival of Additional Living Support Allowance for Single-Mother Households and Expansion of Scope of Dependent Child Allowance

The payment of additional living support allowances to single-mother households was revived in December 2009. The first-ever payment of dependent child allowances to single-father households is scheduled to start in August.

23. Providing High-Quality Education

A total of 4,200 new teaching posts were added in fiscal 2010 to increase face-to-face time between teachers and individual children.

24. Placement of School Counsellors

The number of schools with counsellors providing counselling on daily life and vocational guidance was increased from 3,650 schools to 10,000 schools in fiscal 2010.

25. Start of Free High School Education

Public high school education was made effectively free in fiscal 2010. The burden on households with children in private high schools was reduced with the introduction of subsidies equivalent to subsidies for public high school students.

26. Expansion of Scholarship System

To create a scholarship loan system covering all students who apply, the number of scholarships for students at university and other tertiary institutions was increased by 35,000 in the fiscal 2010 budget.

27. Resolving the Problem of “Vanishing Pensions”

To speedily rectify the pension records of persons whose pension premiums have gone unrecorded, standards for rectification have been eased and rectification at Pension Offices has been made possible. The time lag between rectification of records and payment of benefits has been shortened to about three months.

28. Preventing the Recurrence of “Vanishing Pensions”

Preparations are being made to introduce a new system for confirming one's own pension record without visiting a Pension Office. Under the new system to be launched in fiscal 2011, individuals will be able to confirm their pension records at home or by visiting municipal offices or a post office.

29. Pension Reform

A body was appointed for deliberating on a new pension system and the fundamental principles for a new pension system were decided.

30. Repeal of “Cutting Social Security Spending by 220 Billion Yen”

The LDP-Komeito policy of “cutting social security spending by 220 billion yen” has been repealed. Social security spending was increased by 9.8 percent in the fiscal 2010 budget, including implementation of the first increase in the remuneration schedule for medical services in ten years.

31. Health Insurance Scheme for People Aged 75 and Over

In order to abolish the existing health insurance scheme for people aged 75 and over, deliberations are proceeding on the design of a new system. Ahead of abolishing the system, age-discriminatory practices in medical services and remuneration schedules have been eliminated.

32. Reducing the Shortage of Doctors

The capacity of medical schools was increased to 8,846 (increase of 360 from the previous year) to address the shortage in obstetricians, pediatricians and surgeons, and to strengthen the medical care systems in outlying regions.

33. Countermeasures against New Strains of Influenza and the like

Necessary amounts of vaccines for the new strain of influenza were acquired after the change in government. In principle, the monthly co-payment cap for hepatitis patients was lowered to 10,000 yen.

34. Review of Services and Supports for Persons with Disabilities

Payment for services received by persons with disabilities have been effectively stopped and replaced by ability-to-pay principle. Beginning in April 2010, welfare services and equipment for low-income persons with disabilities has been made free.

35. Establish Equal and Cooperative Relationship between Central and Local Governments

A bill for the establishment of a forum for discussions between the central and local governments has been submitted to facilitate policy discussions between the central and local governments on an equal footing.

36. Abolition of Local Government Contributions

As a step towards totally abolishing local government contributions to projects under the direct jurisdiction of the central government, contributions to road and river maintenance and repair projects were abolished in fiscal 2010.

37. Income Support to Commercial Farming Households

A model individual household income support project was launched in fiscal 2010 for rice farmers compensating the difference between production costs and market prices.

38. Countermeasures to Foot-and-Mouth Disease

A special measures law was enacted providing for the first use of vaccines in Japan to prevent the spread of the disease and to provide support for the rehabilitation of affected producers.

39. Review of NPO Tax Laws

Under the fiscal 2010 revision of the taxation system, the scope of the application of rules concerning donations to non-profit organisations was expanded. A decision has been made to introduce a tax-deduction method in the fiscal 2011 revision of the taxation system.

40. Support for Owners of Small- and Medium-Sized Enterprises (SMEs)

Restrictions on deductions for executive salaries in "individually owned companies" (special family-controlled corporations) was abolished.

41. Support for SME Financing

Laws were enacted to provide support to banks and other institutions accepting requests for rescheduling of loan repayment from SMEs and individuals with home loans.

42. Systems for Assisting Job Seekers

A program has been started for support payments on the condition that job seekers undergo job training. More than 120,000 people have already received job training under this program.

43. Extending Employment Insurance to All Workers

Standards for the application of employment insurance were eased to allow the system to cover all workers. The portion of employment insurance funded by the national treasury was increased to strengthen the finances of the employment insurance system.

44. Review of Minimum Wages

An agreement has been reached among the business community, labour organisations and the government to "raise the national minimum wage level to 800 yen as soon as possible, and to aim to achieve a national average minimum wage level of 1,000 yen, while taking economic conditions into consideration."

45. Reduction of Medical Expenses of Unemployed Persons

The criteria for calculating national health insurance premiums for persons who have lost their jobs were revised to keep premium payments at the same level as during their employment.

46. Review of Systems for Dispatch of Temporary Workers

A bill has been submitted to ban, in principle, the dispatch of temporary workers to manufacturing jobs, a practice that has been a major factor in destabilising employment.

47. Fact-Finding Study on Poverty

In order to implement appropriate policies addressing the problem of growing economic disparity, a fact-finding study on poverty was carried out as commonly conducted in foreign countries.

48. Measures to Prevent Global Warming

A medium-term goal for the reduction of greenhouse gas emissions (25-percent reduction from 1990 levels) predicated on the establishment of a fair and effective international framework was announced to the world.

49. Housing Eco-Point System

Eco-point system for homes was designed providing eco-points to households undertaking environmentally-friendly remodelling or building new

environmentally-friendly homes. Eco-points can be traded for various goods and services.

50. Public Housing Meeting Needs from Declining Birthrates and Ageing of Society

Assistance for development of public rental housing with annexed facilities for supporting the elderly and childrearing households was expanded to include public rental housing with annexed medical facilities.

51. Deepening the Japan-US Alliance

Marking the 50th anniversary of the Japan-US Security Treaty, a consultative process was launched in 2010 to further deepen the Japan-US alliance to meet the needs of Japan-US relations in the 21st century.

52. Strengthening Cooperation with China and South Korea

An agreement was reached with China for the development of mutually beneficial relations based on common strategic interests. Leadership-level shuttle diplomacy has been started with South Korea.

53. Engagement in Peacekeeping Operations

Peacekeeping personnel were dispatched to Haiti in February 2010 following the devastating earthquake that hit that country, in addition to peacekeeping personnel already serving in the Golan Heights, Nepal, and Sudan.

54. Elimination of Nuclear Weapons

Japan played a leadership role in formulating the final document of the Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).

55. Support for Afghanistan

An announcement was made of a five-year assistance program for Afghanistan for a maximum amount of approximately \$5 billion. The program will aim to eliminate breeding grounds for terrorism by supporting such initiatives as improving law-enforcement capabilities and re-integration of former Taliban fighters into society.

[Goals Not Yet Achieved] (Continued efforts will be made for their realisation)

<Eliminating the Situation Wherein Revenue from Government Bonds Exceeds Tax Revenues >

For the second consecutive year, deficits exceeded revenues in the fiscal 2010 budget. This extraordinary situation was due to the sharp decrease in tax revenues and the fact that the task of eliminating wasteful spending remains unfinished.

<Hidden Forms of *Amakudari*>

While measures were taken to ban ministry involvement in the placement of retired civil servants in *amakudari* posts, hidden forms of *amakudari* that do not involve placement by ministries still persist. Furthermore, *amakudari* that occurred before the change in government has not been completely eliminated.

<Abolition of Provisional Tax Rates>

Provisional tax rates on gasoline, etc. were maintained because gasoline prices remained at relatively low levels, tax revenues had decreased sharply, and in consideration of environmental concerns.

<Elimination of Highway Tolls>

The decision was made to proceed cautiously towards the elimination of highway tolls, while verifying the impact of this policy on global warming and other modes of public transport. Therefore, the scope of the elimination of highway tolls remained limited during fiscal 2010.

<Abolition of the Health Insurance Scheme for People Aged 75 and Over>

The decision was made to postpone the abolition of the health insurance scheme for people aged 75 and over and to await the outcome of a national debate on the design of a system to replace the current one. Meanwhile, measures for the reduction of burdens will be continued.

Naoto Kan: A Personal History **From civic activist to prime minister**

Start in Politics

Naoto Kan's involvement in politics began in 1974 as a campaign manager to the late Fusae Ichikawa, a champion of women's rights since the pre-war years, in her successful election campaign for the House of Councillors.

First Election Victory and Entry into Politics

Naoto Kan first ran for office in the 34th election of the House of Representatives in 1976. He ran his campaign as an independent candidate but lost. He later joined the United Social Democratic Party (formerly the United Social Citizens Party), but again lost in two successive elections. He was finally elected to the House of Representatives in 1980.

Getting a Feel for the Possibilities of Politics

Naoto Kan's first cabinet appointment came in 1996 when he was appointed Minister of Health and Welfare in the Hashimoto Cabinet. In this post, he became directly involved in investigating the HIV-tainted blood products scandal and met with the plaintiffs in the HIV class-action suit to deliver a personal apology. An out-of-court settlement was expedited by the government's formal admission of negligence in this case.

Three Wins and Four Losses in Elections for President of the DPJ

When the Democratic Party of Japan was formed in 1998, Naoto Kan became its first president. However, he resigned his post in 2004 because of an "unpaid pension premiums problem," which later was found to be due to an administrative error. After his resignation, he embarked on a pilgrimage of the 88 holy sites of Shikoku.

Change of Government at Last and Now, Prime Minister

The Democratic Party of Japan achieved a change of government in 2009 and Naoto Kan served as Vice Prime Minister and Minister of State for National Policy. Later, he served as Minister of Finance before becoming Prime Minister.

The Democratic Party of Japan's Policy Platform for Government (Manifesto)

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