

**DPJ Manifesto for  
The 2005 House of Representatives Election:  
Nippon Sasshin:  
Toward a Change of Government**

August 30, 2005

The Democratic Party of Japan

## **A New Kind of Politics for the People, “Nippon Sasshin” (A radical transformation of Japan)**

### **Never Give Up on Japan**

**Anxiety about the future and a sense of impotence is now enveloping Japan.**

**If we continue on in this way, Japan will not change. In order to realise a politics that properly responds to the changing times, and to return to a politics that looks at matters from the viewpoint of the people and senses the feelings of the people, we the Democratic Party of Japan will implement this manifesto. This is our prescription for transforming Japan.**

Do you feel content now? Are you worried about the future? Many Japanese are tormented by anxiety and a sense of impotence, wondering “What’s going to happen from now on?” Our society is also described as one which fails to instill hope in its young people. Why is that the case? What should politicians do to work toward the future we should be entitled to?

### **Politics that can respond to the changing times**

The greatest problem is that politics and administration have failed to respond to the drastically changing times. For example, the decreasing birth rate and the aging of society. In particular, the arrival of a time when the population starts to shrink rapidly will have an historical impact on Japanese society. However, the pension system, child-rearing support provisions and the like are not geared up to respond to this change. The economy has become globalised, and new competitors and rich markets have appeared in Asia. These phenomena will have a big impact on Japan in the future. However, Japan has failed to take advantages of this opportunity. Our national consciousness is also changing. The era where people looked simply for material wealth has ended, and we are now in an era where people have a variety of ideas as to what is important, and what kind of life they want to lead. However, politics does not respect the individual. Despite these changes in the larger environment surrounding Japan and in people’s mentality, the reality still remains that Liberal Democratic Party politics cannot escape from its old-style inward-looking mindset with its reliance on the continuance of high economic growth. A new government that sets clear priorities on those tasks to be carried out by politicians, based on an accurate perception of the times, is necessary.

## **Return politics to the hands of the people**

Another problem facing us now is that the political structure has not changed. In these changing times, we must have politics where politicians chosen by the people should exert leadership and use the bureaucrats effectively. However, a structure in which bureaucrats control politics, that is a centralized government, or bureaucrat-led government, has been a significant feature of the Japanese political system since the Meiji Period, and nothing has changed in this right up until the present day. Furthermore, it is a serious problem that this government has just recently further increased such abuses as the collusive structure and “ministries are everything; the nation is nothing” attitude, and become further divorced from the mentality of the Japanese people. Now is the time when we must bring about a change of government in order to form an unfettered new style of government that can see things from the people’s viewpoint.

## **“Nippon Sasshin” (Transform Japan)**

This manifesto is a result of policy discussions held both inside and outside the Democratic Party of Japan since its formation, and explains in detail what would be implemented and in what way, when a Democratic Party of Japan administration is realised. Concrete policies for radically changing Japan are included. If we continue on in this way Japan will not change. Anxiety about the future will just continue to increase rapidly. However, we will never give up on Japan. This manifesto itself is our prescription for changing Japan. By realising a change of government, and implementing this manifesto we will be able to transform Japan, and open up new vistas to the future.

## **A Choice for Japan**

I am firmly convinced that Japan is a wonderful country, and that the Japanese people are capable of making coolheaded choices. Whether to continue on in the same way with the old-style LDP politics, or to take on a new challenge and create a new kind of politics by changing the government: that is the choice facing each and every one of the Japanese people in this election.

## **Believe in the People**

I have the determination and resolve to exercise firm leadership as the first Prime Minister from the post-war generation. The Democratic Party of Japan has assembled talented persons who share the same feelings as the public, look at things from the same perspective and have the will to change

Japan. At last an election that will offer a real choice of administrations has started. We ask you to allow the DPJ to carry out true reform. It is my heartfelt wish that the Japanese people make a choice that will not be viewed as a mistake by future generations.

Katsuya Okada

President, The Democratic Party of Japan

August 30, 2005

# **The DPJ's Eight Pledges to Transform Japan**

## **1. Sweep Away Wasteful Spending! No Tax Increases Targeting Salaried Workers**

- We will sweep away ¥10 trillion in wasteful spending of tax money over three years, reducing the number of Diet members in the House of Representatives by 80, abolishing separate pensions for Diet members, and reducing the personnel costs for civil servants employed by central government by 20%.

## **2. Realisation of a Safe and Secure Society without Inequalities, and of Everyday Happiness**

- We will abolish the Social Insurance Agency and unify the pension system.

## **3. From Concrete to People, People, People**

- We will embark on a reform of the state school system and create a monthly child allowance of ¥16,000 per child.

## **4. Decentralisation Reform – Entrusting Regional Affairs to the Regions –**

- In order to draw out local inventiveness, we will convert ¥18 trillion of tied grants into financial resources for the regions.

## **5. Realisation of an “Enlightened National Interest” - Living in Harmony with the World**

- We will withdraw Self Defense Forces from Iraq by December 2005 and embark on reconstruction assistance appropriate to Japan.

## **6. Promotion of “Greenery”, “Food” and “Agriculture”**

- We will launch a “¥1 trillion direct-payment system” to realise a 50% food self-sufficiency ratio in ten years time.

## **7. Toward a Fair and Transparent Market Economy**

- We will eradicate bureaucratic collusion, and realise the abolition of the public highway corporations and the elimination of motorway tolls.

## **8. Real Postal Reform – From the Public to the Private Sector**

- We will drastically reduce the size of postal savings and insurance, and allow funds to flow from the public to the private sector. We will maintain a universal postal service network across the nation.

## **1. Sweep Away Wasteful Spending! No Tax Increases Targeting Salaried Workers**

**We will sweep away ¥10 trillion in wasteful spending of tax money over three years, reducing the number of Diet members in the House of Representatives by 80, abolishing separate pensions for Diet members, and reducing the personnel costs for civil servants employed by central government by 20%.**

The Democratic Party of Japan will completely eliminate wasteful spending of tax money, and distribute tax revenues to where they are most needed, in order to restore the fiscal primary balance of the nation to health over eight years. We will cut off at the source “hotbeds of waste and illegality”, such as “golden parachuting” by civil servants, which engender bureaucratic collusion.

- We will establish an Administrative Reform Council in order to sweep away and eradicate concessions, collusion and wasteful public works.
- We will sweep away ¥10 trillion in wasteful spending of tax money over 3 years.  
No tax increases without eradication of wasteful spending!
- We will immediately abolish the separate pension scheme for Diet members. We will reduce the number of Diet members by at least 10%, and cut the number of Diet members in the House of Representatives by 80.
- We will grant basic labour rights to civil servants employed by central government and reduce their overall personnel costs by 20%.
- We will abolish the public highway corporations. We will work to prevent bureaucratic collusion and comprehensively review the special accounts that are a “hotbed of waste and illegality”.
- We will prohibit the detouring of political donations. We will ensure total public disclosure of political funds and make external auditing of political parties and political fund organisations compulsory.

## **2. Realisation of a Safe and Secure Society without Inequalities, and of Everyday Happiness**

**We will abolish the Social Insurance Agency and unify the pension system.**

The Democratic Party of Japan will create “everyday happiness”. We will establish a safety net for citizens, and eliminate anxiety about the future. Moreover, one important role of the state is to

create a fair society through gender equality, prohibition of ageism, equal treatment for part-time workers, prohibition of discrimination against the disabled and self-supporting social welfare system. We will unify the pension system, create a high-quality medical system and preserve the healthy lifestyle of the Japanese people.

- We will unify the pension system, and limit the rate of pension contributions to 15% or less. We will realise a minimum guarantee pension of ¥70,000 per month by introducing a consumption tax specifically for pensions. We will abolish the Social Insurance Agency, which is the main cause of anxiety regarding pensions.
- We will tackle cancer head-on. We will establish an “information centre” in each of the 360 hospitals nationwide that specialize in cancer treatment, as well as enhancing the system in order that cancer patients can select the best forms of treatment.
- We will create a new type of medical care for the elderly. We will proceed with highly transparent medical reforms such as making the disclosure of medical records and issuance of statements of medical expenses compulsory.
- Policies aimed at the disabled – we will guarantee incomes while promoting self-reliance, and carry out a comprehensive overhaul of related legislation. We are opposed to the government’s proposed “bill to support self-reliance for the disabled”, which abandons income guarantees.
- We will enact special legislation to provide redress for asbestos-related suffering. We will immediately prevent further use of asbestos.
- We will create a nursing care insurance system that will enable the elderly to continue to live at home. Having eliminated waste, we will realise a nursing care insurance that applies regardless of age.
- We will work to amend the legislation covering part-time workers with the aim of establishing employment conditions that treat permanent employees and non-permanent employees (part-timers, temporary staff, independent contractors etc) equally, and to establish a law prohibiting ageism.
- We will work to enhance the childcare and nursing care leave system and promote work-sharing and mental health measures. We will eliminate long working hours and realise a work-life balance. We will implement NEET (those not in employment, education or training) support measures such as the creation of a back to work allowance.
- We will sweep away illegality through police reform. We will eliminate empty police boxes by increasing the number of police officers by 30,000. We will strengthen assistance to the victims of crime.
- We will protect the savings of the Japanese people. We will ensure that compensation for losses sustained as a result of theft of cash cards and bankbooks and forged cash cards is in

principle provided by financial institutions.

### **3. From Concrete to People, People, People**

**We will embark on a reform of the state school system and create a monthly child allowance of ¥16,000 per child.**

The Democratic Party of Japan will free Japan from public works-driven administration, and shift resources from concrete to human beings. In order to accomplish this, it is important to sweep away wasteful spending of tax money, invest in developing human resources and prepare for the future. In terms of education, we will nurture people with all-round abilities (physical strength, intelligence, decision-making ability) and a clear career vision, and proceed to foster balanced human resources. We will aim to create a human resource nation, ensuring that people have training and educational opportunities at every stage of life.

- We will provide a monthly child allowance of ¥16,000. We will enhance the paediatric medical care system by establishing a nationwide network of more than 290 core hospitals and local centres, and reducing to 10% the proportion of medical expenses applying to children until the end of compulsory education. We will support the nurturing of the next generation by adding a ¥200,000 childbirth subsidy to the current lump sum payment.
- We will embark on state education reform and school reform to increase all-round ‘lifeskills’. We will shift control of school administration to municipalities and schools themselves, and make it possible to publicly advertise school principal posts. We will greatly increase the quality and number of teaching staff, and promote the move to Saturday schools, community schools and schools administered by local authorities, through the participation of parents, guardians and local volunteers.
- We will ensure that all those who wish to do so receive scholarships, in order to reduce the burden of school fees on households. We will also raise the upper limit of scholarships.
- Through unifying the kindergarten and nursery school systems and enhancing nursery care, we will enable people to carry out work and child-rearing at the same time.
- We will support the self-sufficiency and job-seeking efforts of NEETs through work experience programs and the like.
- We will enhance skills development training in order to assist in the reemployment of the unemployed and those self-employed whose businesses have failed. Furthermore, we will provide a living allowance during training. We will utilise private sector vitality by amending



the tax system to revitalise the regions and increase opportunities for reemployment and continued employment, so that those who have reached retirement age can start a new life in the regions.

- We will engage in the establishment of a “Child and Family Ministry” that will destroy bureaucratic sectionalism.

#### **4. Decentralisation Reform – Entrusting Regional Affairs to the Regions –**

**In order to draw out local inventiveness, we will convert ¥18 trillion of tied grants into financial resources for the regions.**

The Democratic Party of Japan will break with the bureaucratically-led society, and aim to create a people-led society. We will clearly differentiate between the roles of central government and the regions, and create a decentralised society where regions can decide local issues for themselves based on “the principle of subsidiary”. In order to achieve this, we will first of all guarantee resources to support the self-sufficiency of the regions. Furthermore, we will strengthen public service corporation reform and NPO assistance, and nurture a “regional vitality” that will support autonomy.

- We will abolish approximately ¥18 trillion of the current ¥20 trillion of grants, excluding livelihood protection and the like, and shift to ¥5.5 trillion of devolved tax revenues and ¥12.5 trillion of lump-sum grants. The lump-sum grants will be provided to the regions allocated to broad categories such as “education”, “social welfare”, “agriculture and the environment” and “local economy” and local authorities will be able to use the revenue freely within these broad allocations. In contrast to the current ‘tied grants’, it will be as a rule unnecessary to appeal to central government for funds.
- We will transfer administrative powers and tax resources at least equivalent to those provided to government ordinance-designated cities to key municipalities with a population of 300,000 or more.
- We will proceed with the reform of public service corporations such as by relaxing conditions for establishment and making alterations to the tax system, as well as enhancing preferential tax treatment for non-profit organisations (NPOs), supporting the spontaneous activities of citizens in the regions.

## **5. Realisation of an “Enlightened National Interest” - Living in Harmony with the World**

**We will withdraw Self Defense Forces from Iraq by December 2005 and embark on reconstruction assistance appropriate to Japan.**

The Democratic Party of Japan will possess its own autonomous vision in contributing to the peace and prosperity of the international community, emphasising the aim of “an enlightened national interest” when pursuing the national interest of Japan. We will take the lead in strengthening international organisations and in international cooperative efforts, taking the creation of trust with neighbouring nations, rather than power politics, as a touchstone; and work toward becoming a nation that uses soft power to create peace together with the world.

- We will proceed to create mutual cooperation and trust within the Asian region, promoting the conclusion of free trade agreements (FTAs) and economic partnership agreements (EPAs), and strengthening alliances and cooperation in a variety of fields, not just trade, but also the facilitation of cross-border mobility, energy, environment, education, health and crime-fighting. We will build a peaceful and prosperous East-Asian Community.
- We will evolve the Japan-US relationship, based on trust and an equal partnership. While maintaining a stable Japan-US Alliance is a given, we will increase the value of the Alliance as an international public good, as well as work toward the resolution of problems concerned with the Status of Forces Agreement and the transfer of US military bases.
- We will rebuild the whole deadlocked United Nations reform process from the bottom up, and having obtained the support of Japanese domestic opinion and United Nations member countries, aim for Japan to gain a seat as a permanent member of the UN Security Council.
- We will aim for Japan to play an independent role as a nation using soft power to create peace and prosperity. We will embark on the strategic promotion of ODA, the creation of a “Peace-keeping Cooperation Force”, and Japan’s early participation in the International Criminal Court (ICC).
- We will enact an “Emergency Basic Law”, and proceed with the establishment of an “Emergency Management Agency”, in order to respond to emergencies.
- With regard to the problem of North Korea, we will enact a “Bill on Redressing Human Rights Conditions Involving North Korea”, and move toward a resolution of this problem by using all our strength to realise the prompt return of abductees and their families and to find out the truth regarding their disappearance. We will engage actively in this problem, keeping in mind the possibility of taking measures based on the “Revised Foreign Exchange and Foreign Trade

Control Law” and the Special Measures Law prohibiting the entrance of certain vessels into Japanese ports. We will engage directly with problems relating to North Korea, and in particular the resolution of the abduction issue.

- We will withdraw Japanese Self Defense Forces from Iraq by December 2005, and engage in Iraq reconstruction assistance appropriate to Japan.

## **6. Promotion of “Greenery”, “Food” and “Agriculture”**

**We will launch a “¥1 trillion direct-payment system” to realise a 50% food self-sufficiency ratio in ten years time.**

The Democratic Party of Japan will increase Japan’s food self-sufficiency ratio, as well as supporting and nurturing motivated agricultural workers. An agricultural sector that provides safe food products and abundant green spaces is the cornerstone of a healthy and sustainable society. We will halt the current system of agricultural subsidies, and fixing our eyes firmly 50 or 100 years into the future, strive to preserve the local environment and establish sustainable agriculture, forestry and fishery industries.

- We will revise the agricultural subsidy system, transforming it into a direct payment system, in order to realise a sustainable agricultural sector.
- To assist company employees and retirees who are interested working in agriculture, we will ease, below a certain level, the conditions for obtaining agricultural land, and realise “the revitalisation of agriculture” and “support for a new life”.
- We will create “underwater forests of seaweed” that will act as spawning grounds for fish and shellfish, in order to restore the depressed self-sufficiency ratio for marine products.
- We will unify the administration of food safety, make it compulsory for processed foods to display the country of origin and appoint international food inspectors.
- We will cultivate “green dams”, and replant 10 million hectares of forest over the next decade.

## **7. Toward a Fair and Transparent Market Economy**

**We will eradicate bureaucratic collusion, and realise the abolition of the public highway corporations and the elimination of motorway tolls.**

The Democratic Party of Japan will work to establish fair and transparent market rules, and aim to

realise a free market society under their auspices. Moreover, we will promote strategic technological development, actively support entrepreneurs, and work to shape an economic society that enhances people's vitality and industrial competitiveness. We will also focus on assisting the small and medium-sized enterprises (SMEs) that are the cornerstone of the local community.

- We will comprehensively review all business regulations, as well as implementing 'lifestyle convenience improvement testing' that checks government enterprises from the viewpoint of citizens.
- In order to guarantee a fair market, we will introduce a flexible system of administrative fines, increase the number of legally qualified hearing examiners of the Fair Trade Commission so they form a majority of the total number of examiners, and radically amend the Anti-Monopoly Law so that it conforms to international standards, by for example introducing exemption measures that are rooted in a respect for regulations.
- We will work to realise a fair and transparent stock market, promoting a shift from savings to investment. In order to achieve this, we will establish a Japanese version of the Securities and Exchange Commission within three years, as well as amending the Financial Service and Market Law.
- We will aim to create an IP (intellectual property) nation, moving toward strengthening competitiveness and technological skills. Furthermore, we will promote strategic science and technology policies, carrying out assistance focused on cutting edge technology sectors that are expected to show future growth such as life sciences, information and communications technologies, nanotechnologies, and environmental and energy technologies.
- We will support the invigoration of SMEs in the regions by enhancing preferential tax treatment for angel investors and doubling the budget for SMEs.
- We will establish a "loan interest exemption system" that will exempt from income interest on various types of loans that lead to invigoration of demand, such as housing loans, car loans, and education loans, and create a prosperous consumer society.
- We will abolish the public highway corporations, which are a "hotbed of waste", as well as making motorways toll-free, a move that will lead directly to the invigoration of local economies and consumption.

## **8. Real Postal Reform – From the Public to the Private Sector**

**We will drastically reduce the size of postal savings and insurance, and allow funds to flow from the public to the private sector. We will maintain a universal postal service network across the nation.**

The Democratic Party of Japan has consistently called for the implementation of postal reform since its manifestos issued for the 2003 House of Representatives election and the 2004 House of Councillors election.

- We will reduce postal savings and insurance deposits, currently at 340 trillion yen, to an appropriate size.
  - ① During 2006, we will lower the upper limit of postal savings deposits to ¥7 million per depositor, to be implemented as deposits reach maturity.
  - ② At the same time, we will make absolutely sure that separate accounts held by the same person are calculated together. Any funds that exceed the upper limit for deposits will be transferred to government bonds targeted at individual investors and the like.
  - ③ Following this, we will further lower the upper limit of postal savings deposits to ¥5 million.
  - ④ We will halve the ¥220 trillion of postal savings within eight years.
- We will halve the ¥3.5 trillion of subsidies to special corporations and the like over three years, and eliminate wasteful spending of postal savings and insurance funds at the source.
- We will make it a responsibility of government to maintain a universal postal service nationwide.
- We will make it a responsibility of government to maintain a nationwide network of settlement services such as cash deposits and withdrawals, payment of utility bills and receipt of pensions.
- Once postal savings and deposits have been reduced to an appropriate size, a whole variety of options will be possible, such as amalgamation with quasi-government financial institutions.

## **Declaration of Establishment of New Administration**

### **The Okada Administration 500-Day Plan**

#### **No Tax Increases without Administrative Reform:**

#### **A New Government to Sweep Away Waste and Illegality**

Through the four reform stages over a period of 500 days, the DPJ will open up a new future for Japan by eliminating the three abuses of the LDP administration.

### **The DPJ Will Start by Eliminating the Three Abuses**

The three main problems of the LDP administration are: (1) Zoku (special interest group) politics; (2) Lobby politics; and (3) Bureaucratic control. If the DPJ comes to power, it will immediately rectify these problems.

#### **(1) Elimination of Zoku (Special Interest Group) Politics**

Zoku politics is the application of pressure on the government to act to the advantage of a certain business or group in return for votes or political donations. Zoku politics is characterized by decisions made behind closed doors rather than in public, because the decision makers give higher priority to their own interests than those of the nation. This distinctively Japanese abuse, unimaginable in other democratic countries, has created a hotbed of corruption such as illegal political contributions.

If the DPJ comes to power, it will take immediate measures to eliminate zoku politics. It will prohibit indirect donations and backroom deals in politics and business, thoroughly root out illegality by always conducting policy debates openly in public, and drive out the corruption that has characterized the era of LDP government.

#### **(2) Elimination of Lobby Politics**

At the end of every year, Kasumigaseki, where the central ministries and agencies are located, and Nagatacho, home of the Diet, overflow with lobby groups representing businesses and organizations from all over Japan. While the lobbyists feel that government subsidies are like “manna from heaven,” those who are lobbied are made to feel very important and powerful.

In order to get votes and money, the LDP listens to the wishes of certain organizations and

businesses and then imposes them on the government. In return for allocating budgets, government officials secure golden parachute posts in all kinds of businesses and organizations throughout the country. This logrolling among government, bureaucracy and business is a major cause of bid-rigging and wasteful use of taxes.

The DPJ administration will immediately sweep away such lobby politics. Rather than politics in which zoku politicians and bureaucrats swarm around taxes and insurance money paid by citizens and distribute them locally after taking large kickbacks, the DPJ will ensure that people in all regions can receive proper administrative services in every field with the feeling that they themselves are spending the taxes they pay.

### **(3) Elimination of Bureaucratic Politics**

The proper form of democratic politics is for politicians elected by the people to make decisions and for bureaucrats to put these decisions into practice. However, in today's politics, bureaucrats use the business world to make use of politicians.

The prime minister, the leader of the party in which the people have placed their trust in the general election, will exercise strong political leadership. Specialist staff including bureaucrats will provide assistance, making full use of their knowledge and experience. The aim of the DPJ is to establish a system to make possible the implementation of swift and bold reform through this skilful management of bureaucrats by politicians.

To this end, the senior government officials of the DPJ administration (vice ministers, director-generals, etc. of ministries and agencies) will be appointed on the assumption that they will cooperate with the policies of the DPJ and officials who refuse to cooperate will be removed from their posts. The Kantei (Prime Minister's Office) and government will also seek the active participation of NPOs, private sector corporate managers and municipal leaders who share this spirit of reform in order to realize politics based on the will of citizens and taxpayers.

## **Immediate Tasks**

**Even if the DPJ wins an outright majority in the forthcoming House of Representatives elections, this will not give it a majority in the House of Councillors. In view of this situation, the DPJ, particularly in the early stages of its administration, will adopt a method of reform that relies as little as possible on the enactment of bills.**

**Specifically, this method will consist of completely bringing waste and illegality into the open by implementing the following in close coordination:**

- (1) A comprehensive review of existing government projects and rooting out of waste and illegality**
- (2) A radical review of budget allocation**

**The DPJ will place the greatest importance on cleaning up old-style politics by relentlessly pursuing both of these policies in relation to the budget.**

The DPJ will not leave these vital tasks to the bureaucrats, but will tackle them immediately under the leadership of the Prime Minister.

The Administrative Reform Council (Chair: Prime Minister; participants will include managers with proven track records in corporate restructuring, young bureaucrats, etc.) will bring waste and illegality into the open. The National Economic Council (Chair: Prime Minister; will draw up the budget without relying on ministries and agencies) will immediately suspend and abolish wasteful items in the budget.

Golden parachutes into special public corporations will be abolished. As the problems related to Japan Highway Public Corporation demonstrate, these corporations are hotbeds of illegality, corruption and waste.

In about one year, when the reforms are well underway, the government will present to the Diet a series of bills for radical administrative and financial reforms and will put them before the voters in the House of Councillors elections the year after next.

There is no time to lose in making these reforms. At a time when the burden on the people is certain to increase, politicians and bureaucrats are required to show their determination to make sacrifices and implement reforms quickly.



## **No Tax Increases Without Administrative Reform**

**The new administration will without fail restore citizens' and taxpayers' trust in politics within 500 days.**

## **Okada Administration 500-Day Plan**

### **Four Stages of Establishment of Administration and Determined Reform**

#### **1st Stage**

##### **20-Day Plan**

**September 12 – End of September**

#### **Period of Transfer of Government**

##### **First Week (September 12-17)**

On the morning of September 12, DPJ President Okada (Prime Minister elect) will assemble the persons to be appointed Deputy Prime Minister, Chief Cabinet Secretary, Deputy Chief Cabinet Secretaries, etc. and set up a Transfer of Government Committee. The Committee will confirm the basic policy of the new administration and nominate the persons to hold key Cabinet posts, as well as their aides and secretaries.

##### **Second Week (September 18-24)**

The administrative vice-ministers and other key officers will be chosen and those posts to be filled by political appointees designated. Policy-drafting teams composed of reform-minded bureaucrats, private individuals and academics will be appointed, irrespective of age. The 2nd-stage “100-Day Reform Plan” will be formulated.

##### **Third Week (September 25-30)**

After the Prime Minister is nominated at an extraordinary Diet session, the Cabinet will be formed and party officers decided. The principle of the “right person for the right post” will be thoroughly applied to appointments to the Cabinet and key political posts, including bold appointments from the private sector.

#### **Assembling the Best People for the New Government**

1. Establishment of Transfer of Government Committee

2. Confirmation of basic policies
3. Determination of members of Cabinet and party officers
4. Commencement of appointment of senior officials of the Kantei (Prime Minister's office) and ministries and agencies
5. Formulation of the 100-Day Reform Plan

## **2nd Stage**

### **100-Day Plan**

**Until early January 2006**

#### **Period of Start of New Administration**

The Prime Minister will present the 100-Day Plan in his keynote policy speech in the Diet. The main points of the plan are as follows:

- (1) In order to implement comprehensive reform of the old-style administrative system, an Administrative Reform Council will be set up with the Prime Minister as Chair. Managers with proven track records in corporate restructuring, specialists in accounting and financial systems and private-sector experts in every field of administration will be appointed as members of this Council. During this period, five priority areas for reform of old-style government projects in each ministry and agency will be identified and waste and illegality brought into the open.
- (2) A National Economic Council will be set up with the Prime Minister as Chair. A new method of drawing up the budget will be adopted in which the main framework of the budget is determined under the leadership of the Prime Minister and each ministry and agency decides the details within that framework. Private citizens and other persons outside the government will be appointed to National Economic Council. In addition to determining the main framework of the fiscal 2006 budget, the Council will implement radical reform of government projects in cooperation with the Administrative Reform Council.

#### **Establishment of Administrative Reform Council and National Economic Council**

1. Prime Minister's keynote policy speech
2. Presentation and implementation of 100-Day Reform Plan
3. Establishment of Administrative Reform Council  
Prioritized reform of old-style government projects in each ministry and agency
4. Establishment of National Economic Council and transfer of the budget formulation team to

the Kantei

Replacement of existing ceiling system with new budget formulation policy

5. Formulation of government budget proposal

### **3rd Stage**

#### **300-Day Plan**

**Until July 2006**

#### **Period of Administrative Reform**

After the formulation of the government budget proposal for fiscal 2006, the 300-Day Reform Plan will be presented and the government will proceed with deliberations to incorporate specific measures in the requests for the fiscal 2007 budget in response to the main domestic and overseas issues indicated in the Manifesto.

Based on the reform policy decided in the 2nd stage and in order to proceed with fiscal reconstruction, the National Economic Council will start formulating a “Bill for the Restoration of Sound Public Finance” and a proposal for collective amendment of legislation concerning public finance.

In addition to thoroughly implementing the priority reforms decided in the 2nd stage, the Administrative Reform Council will initiate medium- and long-term reforms. The Council will scale down government projects after conducting a review of all projects from the perspective of the allocation of roles between the public and private sectors and the state and municipalities. Even regarding projects for which the state is responsible, it will promote the improvement of efficiency and quality by introducing public-private competitive bidding (market testing) and reforming the accounting and bidding systems. During this period, regulations will be introduced to prohibit golden parachutes into special public corporations and a comprehensive review of the civil service will be initiated.

#### **Thorough Review of Government Projects**

1. Presentation and implementation of 300-Day Reform Plan
2. Promotion of fiscal reconstruction based on the reform policy of the National Reform Council (formulation of “Bill for the Restoration of Sound Public Finance”)

3. Implementation of priority reforms determined by the Administrative Reform Council, initiation of medium- and long-term reforms
4. Thorough review and downscaling of government projects
5. Introduction of public-private competitive bidding, reform of accounting and bidding systems
6. Introduction of measures regulating golden parachutes into special public corporations and initiation of comprehensive civil service review
7. Formulation of 500-Day Reform Plan

#### **4th Stage**

#### **500-Day Plan**

**Until April 2007**

#### **Period of Radical Reform (acceleration of reform)**

In order to root out old-style special interest group politics, lobby politics and bureaucratic control, the government will present the 500-Day Reform Plan, a medium- and long-term reform proposal including substantial legislative reforms. Specifically, this will include reform of the civil servant system in order to abolish golden parachutes and expand political appointments, introduction of a reformed public accounting system in order to eliminate waste, payment of retirement allowances to politicians and senior bureaucrats using government bonds, drafting of a “Basic Law on Regional Sovereignty” aimed at nation-building through regional sovereignty, and the abolition of the ministry establishment laws. To ensure that the Diet can monitor wasteful policies and projects, the establishment of a government accountability office will be proposed.

The government will aim to enact these bills in the ordinary Diet session of 2008, but in the event of opposition from the opposition parties (LDP, etc.), they will be put before the nation through nationwide local elections, and the House of Councillors election.

#### **Presentation of Bills related to Administrative and Financial Reforms**

1. Presentation and implementation of 500-Day Reform Plan
2. Presentation in the Diet of series of bills related to administrative and financial reforms and efforts to pass them
  - Reform of the civil service to abolish golden parachutes and promote external appointments

of senior staff

- Introduction of reforms of public accounting system
  - Payment of retirement allowances to politicians and senior bureaucrats using government bonds
  - Drafting of a “Basic Law on Regional Sovereignty”
  - Drafting of a bill to abolish ministry establishment laws and enhance the flexibility of administrative organization
  - Establishment of a government accountability office in the Diet
3. Appeal to the nation through the House of Councillors election

## **Manifesto 2005: Detailed Policies**

**A Democratic Party of Japan administration would transform the policy determination system and the budget compilation process, as well as the many policies stifled by vested interests, into something entirely new. “Never Give Up on Japan”: these are the “Detailed Policies” for this message. These “Detailed Policies” are a seed of hope, and an expression of future possibilities, on the road to transforming Japan.**

### **1 Constitution**

Today, the “erosion of the Constitution” is occurring in Japan with the government arbitrarily interpreting and applying provisions to suit its convenience and the specific needs of the time as they arise. If we let this situation continue, the Japanese people’s faith in the Constitution will be further undermined. We, the Democratic Party of Japan (DPJ), are determined to overcome this critical situation and will not allow arbitrary interpretation of provisions of the Constitution by the state authority. We will pursue a new constitution that is unshakable and firmly based on the principles of constitutionalism.

We will promote constructive debate by setting our sights firmly on the future and not dwelling on the past so as to further deepen and develop the three fundamental principles of the Constitution: the sovereignty of the people, respect for basic human rights, and pacifism.

The ultimate authority to determine the shape of a future constitution rests not with political parties or the Diet, but with the people of Japan. We will present our own constitution proposal to the people of Japan and then, using this proposal as a basis, we will vigorously promote dialogue with the people. In order to realise our proposal for constitutional reform, we must first obtain the agreement of at least two-thirds of the members in each chamber of the Diet, before gaining the approval of a majority of voters in a national referendum. Thus, the DPJ will earnestly strive to build a consensus in the Diet.

With a view to realising an open and transparent Imperial Household that is a fitting “symbol of Japan,” we will revise the Imperial Household Law to enable female succession to the throne.

## **2 Foreign Policy and National Security**

### **2-1 Pursue the realisation of “enlightened national interest”**

- We will change Japan’s current passive foreign-policy stance, transforming it into a country that can contribute, based on its proactive conceptual thinking, to the peace and prosperity of the world, whereby we will pursue Japan’s peace and prosperity. This, we believe, is the “enlightened national interest” of Japan. Chauvinistic nationalism and one-country pacifism are not what we seek. Instead, we will develop and implement diplomacy that brings benefits not only to Japan but also to other countries.
  
- In the past, Japan marched down the path to war. Not only did this bring grave suffering to the Japanese people, but Japan’s colonial rule and aggression caused tremendous damage and suffering to the people of many countries, particularly to those of Asian countries. We humbly acknowledge and accept this historical fact and will always have feelings of sincere remorse and apology engraved in our hearts. A new DPJ government will take the initiative to re-examine the war of 60 years ago.
  
- At the same time, however, we also take confidence and pride in the pacifist principles, democracy, and economic prosperity that Japan has achieved to this date. Exercising a “humility based on self-confidence,” the DPJ will fulfil its responsibility in Asia and the rest of the world.
  
- We will construct a new national memorial to honour those who died in war or while on official duty overseas.

### **2-2 Construct a peaceful and prosperous Asia**

#### **(1) Build mutual trust with neighbouring countries**

We will construct a future-oriented and constructive diplomatic relationship with neighbouring countries, by, for instance, accepting more students from other Asian countries to study in Japan.

#### **(2) Rebuild Japan-China relations**

The rebuilding of Japan-China relations is one of the top-priority issues for Japanese diplomacy. We

will first rebuild mutual trust between the leaders of the two countries. Then, we will move on to deepen and institutionalise policy dialogue on the economy, finance, currencies, energy, the environment, maritime development, and security.

### (3) Strengthen Japan-Republic of Korea relations

The strengthening of Japan-Republic of Korea (ROK) relations is another extremely important task. We will conclude a Japan-ROK free trade agreement (FTA) as quickly as possible and further promote economic and cultural exchanges between the two countries.

### (4) Work toward building an East Asian Community

We will strive to build a relationship of mutual cooperation and trust with other countries in Asia and promote the conclusion of FTAs and economic partnership agreements (EPAs), thereby strengthening ties and cooperation with each country and region of Asia not only in agricultural trade and other trade areas, but also in various fields such as the facilitation of cross-border mobility, energy, environment, education, public health, and crime-fighting. We will seek to make the creation of a non-combat zone in the region a common goal of the countries of Asia and we aspire to develop and expand such a zone to cover the whole Asia-Pacific region in the future.

We will revamp the current compartmentalised bureaucracy in foreign and trade policy and promote economic cooperation with other Asian countries under strong political leadership.

## **2-3 Evolve the Japan-US relationship**

### (1) Enhance the value of the Japan-United States (US) alliance as a public good of the Asia-Pacific region

The Japan-US alliance is the linchpin of stability for the Asia-Pacific region and both our countries share the values of freedom and democracy. However, simply following the US lead will not contribute to the true enhancement of the Japan-US alliance. Japan needs to convey to the US the voice of Japanese people and the voice of the people of other Asia-Pacific nations and where necessary it should urge Washington to exercise self-restraint. This, we believe, will enhance the value of the Japan-US alliance as a public good of the Asia-Pacific region.



(2) Clarify Japan's basic policy for joint actions with the US

Based on the premise of maintaining the independence of Japan, we will promote defence cooperation between Japan and the US so as to ensure that the Japan-US alliance will sufficiently function as an "anchor" in dealing with various security issues. We will also set out a clear basic policy for Japan-US joint actions.

(3) Commence work on the revision of the Japan-US Status of Forces Agreement with the aim of reaching a conclusion in about three years

To ensure the sound operation of the Japan-US alliance, which is the cornerstone of Japan's foreign policy and national security, we will commence work on the revision of the Japan-US Status of Forces Agreement (SOFA). In doing so, we aim to incorporate provisions for the pre-indictment handover of suspects in serious crimes to the Japanese authorities, the extension of the jurisdiction of Japanese laws to US forces' facilities, and environmental conservation. Concerning these points, we aim to reach a conclusion in about three years.

(4) Review the roles of Japan and the US in light of the Asian situation and other matters

Taking the opportunity of the ongoing reform and transformation of US forces, we will explore ways to relocate some of the US marine bases in Okinawa first to other parts of the country and then, based on changes in the strategic environment, to outside Japan. We will request the US to promptly return the site of the Futenma US Marine Corps Air Station to Japan.

#### **2-4 Contribute to world peace and stability**

(1) Strengthen international organisations such as the United Nations

Today, in the era of increasing globalisation, we should seek to achieve stable peace and sustainable economic development, to prevent terrorism and the proliferation of weapons of mass destruction (WMD), and to reinforce international organisations. We firmly believe that all these measures are conducive to the "enlightened national interest" of Japan.

(2) Strategically utilise official development assistance

Attaching great importance to the transparency and efficiency of official development assistance

(ODA), we will institute thoroughgoing external monitoring and performance evaluation of ODA projects while promoting collaboration with United Nations initiatives. We will reposition ODA as a diplomatic tool for achieving desirable outcomes from the perspectives of the environment, human rights, conflict prevention, peace building, human development, humanitarian aid to African nations, collaboration with non-governmental organisations (NGOs), countermeasures against infectious diseases, fine-tuned small loans (microcredit) to the poor, human security, and so forth.

(3) Exert soft power

By strategically utilising various elements of the so-called “soft power” such as extending international networks of people and deepening cultural and commercial exchanges, we will play a proactive role in peace building in the Asia-Pacific region in particular, and in the international community in general.

(4) Take straightforward steps toward maintaining and building international peace

In response to UN requests, we will study the possibility of establishing a new “international peace cooperation force” (tentative name) so that Japan can be directly involved in maintaining and building international peace. In order to enable Japan to better respond to increasingly diverse requests for peace-keeping operations (PKOs), we will review the criteria for the use of weapons by troops while in operation and Diet involvement with respect to the conditions, scale, and period of participation in PKOs.

(5) Seek early accession to the Rome Statute of the International Criminal Court

In order to address events that cannot be ignored in the light of international law, such as genocide and war crimes, we will seek to accede to the Rome Statute of the International Criminal Court (ICC) as quickly as possible.

(6) Strive to make Japan a permanent member of the UN Security Council

We will strive to break the ongoing impasse and rebuild the whole reform process of the UN and, with the backing of domestic public opinion and support from other member countries, will seek to make Japan a permanent member of the UN Security Council.

## **2-5 Build a defence force capable of protecting the people of Japan**

### (1) Formulate a new defence policy within two years of taking office

Within two years of taking office, we will formulate a new defence policy and review the current structure, equipment, and deployment of the Self-Defence Forces (SDF) to enable them to respond flexibly to new and diverse threats including missile attacks, terrorism, guerrilla warfare, cyber attacks, and incursions by suspicious vessels and armed infiltrators.

### (2) Once the necessity of a ballistic missile defence system has been acknowledged, ensure that such system be firmly put under civilian control

Once the necessity of ballistic missile defence system (BMDS) has been acknowledged, we will consider the deployment of the BMDS from a broad range of perspectives including the costs and benefits involved, while ensuring civilian control. Funding for this initiative will be switched from other areas of the defence budget so as to minimise any additional burden on public expenditure.

### (3) Protect Japan's territory, territorial waters, and exclusive economic zone

We will work toward the prompt resolution of the Northern Territories issue and seek to protect all the territory, territorial waters, and exclusive economic zone (EEZ) of Japan, including the Senkaku islands and Takeshima Island. To this end, we aim to establish legislation for securing marine interests (such as a bill for exercising sovereignty in exploring resources, etc.) in line with the UN Convention on the Law of the Sea (UNCLOS).

## **2-6 Enact an Emergency Basic Law and establish an Emergency Management Agency to enable prompt response to emergency situations**

### (1) Enact an Emergency Basic Law during next year's ordinary Diet session

We will enact an Emergency Basic Law (tentative name) during the next ordinary Diet session, thereby establishing the definition of emergencies and setting out provisions for respect for basic human rights, obligations of national and local authorities, the role of the Diet, and other relevant matters.

(2) Build capacity for quick response to emergencies

Establishing an Emergency Management Agency (similar to the Federal Emergency Management Agency of the US), we will build capacity for quick response to emergencies such as armed attacks, terrorism, and major natural disasters.

**2-7 Actively seek to resolve the North Korea problem including the abduction issue**

Resolution of North Korea's abductions of Japanese citizens is a matter of urgency for Japan from the standpoint of Japanese sovereignty and from the perspective of international human rights. We will strongly press the North Korean government for a comprehensive solution to the abduction issue, demanding that North Korea promptly return all abductees and their families to Japan and fully clarify the facts regarding other missing persons who are suspected of having been abducted.

The question of nuclear weapons and missiles poses a grave threat to the security and stability of the East Asian region. Through the six-party talks and other methods, we will seek a solution to the problem and work toward establishing a trust-building mechanism.

We aim to enact into law our proposed Bill on Redressing Human Rights Violations Involving North Korea. At the same time, with an eye on the possible invocation of measures based on the revised Foreign Exchange and Foreign Trade Control Law and the Special Measures Law for prohibiting certain vessels from entering Japanese ports, we will make every effort to resolve the abduction issue and the problem of nuclear weapons and missiles.

If substantial and concrete progress is not achieved at an early date through these methods and the six-party talks, we will request assistance from the UN Security Council to resolve the issues.

While actively addressing the problem of escapees from North Korea, we will strengthen the structure of maritime policing, including the exercise of control over illegal immigration and smuggling of stimulants via suspect vessels.

**2-8 Withdraw the SDF troops from Iraq by December 2005 and provide reconstruction assistance appropriate to Japan**

“Non-combat zones” as defined by the Special Measures Law for Humanitarian and Reconstruction Assistance in Iraq do not exist in anywhere in Iraq. Meanwhile, the number of those killed or injured

in combat or terrorist attacks—including many Iraqi nationals—has been increasing, with the situation in and around Samawa acutely deteriorating, particularly in recent days.

We will withdraw the SDF troops currently deployed in Iraq by the end of the current dispatch period in December. Meanwhile, we will make Japan play an active role in providing a new and different type of assistance for the reconstruction of Iraq, such as implementing measures to help ease the serious unemployment problem in Samawa by utilising ODA and other resources.

At the same time, we will make Japan contribute, in a suitable manner, to building a new international cooperative structure that can help bring stability to the entire Middle East, for instance, by working toward finding a solution to the Israeli-Palestinian conflict, which is perceived as the root cause of terrorism.

## **2-9 Double the proportion of appointments from the private sector to ambassadorial and other diplomatic posts**

We will review the state of diplomatic establishment overseas so that each of them, serving as the “face of Japan,” can develop and conduct diplomacy in a flexible and effective manner. By broadening the scope of eligible candidates for the post of ambassador and other diplomatic posts (including ministers extraordinary and plenipotentiary) to include non-diplomats such as private citizens, scholars, NGO officials, mayors, and politicians, we will promote vigorous and dynamic diplomacy that shows the true face of the people of Japan. Within four years of taking office, we will aim to double the proportion of ambassadors and other envoys who are not career diplomats.

## **3 Social Security and Employment**

### **3-1 Overhaul the pension system to create a “fair, transparent, and sustainable” system**

The ruling parties continue to assert that the revisions to pension legislation enacted last year are a sweeping reform. The government promised that the pension contribution rate will not be raised above the fixed upper limit and that the benefit level for a standard household will be maintained at above 50 percent of average income. With both the birthrate and the ratio of those properly paying national pension contributions falling below the levels assumed by the government, however, it is becoming close to impossible for the government to keep these promises.

The current pension system, under which people with different occupations or different employment

patterns belong to different pension schemes, cannot meet the needs of people today with their increasingly diverse work styles. This is one reason behind the problem of unpaid contributions and people who have not joined any scheme. If pension contributions continue to rise for 13 years, the burden on people of working age will become unbearably heavy and this will further increase the number of people who do not pay contributions. It is also a concern that the increasing burden on employers may have a negative impact on employment. Meanwhile, women's distrust of the pension system has not been dispelled in the slightest. Most importantly, under the current system, there are many people who would receive a monthly pension benefit of only ¥10,000 or ¥20,000, which is far too small an amount for the pension scheme to fulfil its role. Given all these circumstances, it is no wonder that Japanese people have no confidence in the pension system.

In order to restore people's confidence and shift to a system that can remain viable in the future, we will implement genuine sweeping reform to create a "fair, transparent, and sustainable" pension system by the end of fiscal 2008. As a preparatory step toward that goal, we will thoroughly examine the current system and eliminate all waste.

(1) Promptly abolish the special pension scheme for Diet members

We will promptly abolish the special pension scheme for Diet members and have all Diet members join the same unified public pension system as everyone else.

(2) Abolish the wasteful Social Insurance Agency

We will abolish the Social Insurance Agency that is responsible for the wasteful spending of pension contributions, an asset belonging to the people. A Revenue Agency, which will be created by reorganising the National Tax Agency, will collect pension contributions, taking over the task currently undertaken by the Social Insurance Agency. By having a single agency to collect both taxes and pension contributions, we aim to realise a system that facilitates efficient and appropriate collections.

(3) Slash wasteful spending to cover an increase in the state-funded portion of the basic pension

The government and ruling parties scaled down the fixed-rate income tax reductions to cover an increase in the pension cost resulting from raising the portion of pension contributions paid out of the state coffer (i.e. tax revenue) from one third to one half. They also plan to further increase burdens on taxpayers such as scrapping the fixed-rate income tax reductions, which is an effective

increase in income taxes, and raising the consumption tax rate. However, we cannot permit a greater burden to be placed on taxpayers without conducting sweeping reform of the pension system and without correcting the misappropriation of pension contributions. A DPJ government will thoroughly eliminate wasteful expenditures and, in stages, use the savings to fund the basic pension, thereby raising the state-funded portion of the basic pension to one half no later than fiscal 2008 (Amount required: ¥2.7 trillion).

#### (4) Create a unified pension system

The complex multiplicity of the current pension system, under which people are eligible for different schemes depending on their occupation and working style, generates a sense of unfairness and lack of confidence in the system, and is one of the reasons behind unpaid contributions and failure to join the pension system. By unifying all the pension schemes into a single income-proportional pension, we will create an easy-to-understand, fair, and transparent pension system applicable to everybody. Under the new system, the amount of pension contribution will be the same for those with the same amount of income and the amount of pension benefits will be the same for those paying the same amount in pension contributions. In introducing the new scheme, we will set a 15 percent cap on the contribution rate and ensure that an increase in the proportion of contributions covered by employers will not become a threat to employment. By creating such a unified scheme, we will eliminate the need for pension paperwork when switching jobs, thereby removing one major reason for not joining pension schemes. At the same time, it will become far easier for everyone to check the amount of pension benefits he or she will receive in the future.

#### (5) Ensure the minimum level of pension benefits in old age by introducing a pension-earmarked consumption tax

In addition to the universally applicable income-proportional pension discussed above, we will establish a minimum guarantee pension funded by taxes to ensure that everyone will receive a minimum amount of pension benefits (¥70,000 per month) in their old age. The minimum guarantee pension is funded by taxes and thus benefits paid out to high-income earners can be limited, thereby securing a minimum standard of living for everybody at a relatively low cost, as compared to the current pension system that pays the same level of national and basic pensions to everyone regardless of his or her income level. Being a tax-funded scheme also means that the problem of people without pensions and the hollowing out of a scheme as seen under the current system would not occur. Under the whole new pension system, the minimum guarantee pension will be partially financed by the state funds appropriated to cover one-half the cost of basic pensions, which will be

realised by slashing wasteful expenditures. In addition, provided that stable economic growth is assured, we will introduce a special consumption tax earmarked for the pensions as another source of funding.

An ample period will be allowed for changeover to the new system, while benefits for existing pensioners as well as benefits corresponding to contributions already paid will be maintained at current levels.

(6) Shift to a pension system that caters to both working women and full-time housewives

While a married couple consists of two individuals, the husband and wife together support the household. In recognition of both these aspects, we will introduce a “combine-and-split” system under which the incomes of husband and wife will be added up and half of the total will be regarded as belonging to each partner for the purpose of calculating the amount of pension contributions. Throughout the course of a marriage, each partner will pay contributions calculated by this method. This will eliminate the sense of unfairness that working women have regarding the current pension system and ensure the individual pension rights of full-time housewives.

(7) Introduce a taxpayer identification number system

In introducing the income-proportional pension scheme, it is indispensable for the government to accurately assess the income earned by each person. Failure to do this would prevent the government from accurately estimating future pension costs. In order to obtain accurate picture of people’s income, we will introduce a taxpayer identification number system.

(8) Extend help to the challenged and the elderly without pensions

We will take urgent steps to make all the challenged without pensions eligible for relief measures under the law for providing special disability pension benefits to specified types of uncovered disabled persons (currently limited to former students and housewives), thereby ensuring that all the challenged who are not covered by the current system will have a basic income to support their life (Amount required: ¥90 billion).

Also, for elderly persons who receive no or minimal pension benefits because of their nationality or other reasons (such as foreign nationals living in Japan and Japanese nationals living overseas), we will take measures to enable them to receive benefits of an amount equivalent to what they would



receive under the old-age pension system.

### **3-2 Carry out reform to realise reliable and satisfactory medical care**

(1) Assure reliable medical care that offers an integrated prevention, early detection, and treatment system in line with the needs of patients

In the next medical-care system reform, we will seek to realise reliable medical care that offers an integrated prevention, early detection, and treatment system in line with the needs of each patient. To provide satisfactory medical services and to secure and improve the quality of medical care, we will create rules for ensuring the proactive disclosure of medical information, thorough implementation of the principle of informed consent, respect for a patient's living will, and access to second opinions.

At the time of revising medical service fees, we will ensure thorough disclosure of detailed information and price data on various aspects of medical services, including those on medicines, medical materials, medical point scores, dentistry point scores, and home-visit nursing care services, and we will ask for public comments on these data. Through this process, we will adjust medical point scores where necessary so as to keep the cost of medical services at an appropriate level. In addition, we will ensure that the composition of the membership of the Central Social Insurance Medical Council (CSIMC), the organ responsible for the revision of medical service fees, includes equal numbers of people representing parties providing medical services, those paying for the services, and those representing the public interest (including patients). We will also make all CSIMC meetings on fee revisions, including those of sub-organs of CSIMC, open to the public in principle.

We will tackle various problems impeding the use of innovative medicines and medical services, including the clinical trial system, as well as the role of the Pharmaceuticals and Medical Devices Agency.

To improve the quality of regional emergency medical services and to increase the survival ratio of emergency patients, we will put emergency helicopters, such as doctor-on-board helicopters called "Doctor Heli," in service in all prefectures.

(2) Reform the medical care system for the elderly so as to improve the quality of medical services

We will work on the reform of the medical and health insurance systems including the establishment of a new medical care system for the elderly that is both transparent and highly independent.

We will pursue a medical policy that places high priority on a quality of life (QOL) that differs from one person to another depending on his or her philosophy of life and value system. On the premise that doctors provide patients and their families with full explanations of the content of medical treatment and seek their consent for the treatment, we will implement measures that call for respecting patients' living wills in providing medical treatment. We will also establish a system that facilitates the creation of a community-based network linking healthcare, medical care, nursing care, and welfare services. This will enable nursing care facilities and group homes to provide enhanced home-visit nursing care and medical services.

(3) Take direct measures to fight against cancer, a disease that takes lives of many Japanese

In Japan, about one million people die of disease or other reasons every year. Of these, some 300,000 people die of cancer. As such, we might as well call cancer a national disease. To reduce people's anxiety over cancer and to enable people to receive appropriate advice and treatment wherever they live, we will establish an "information centre" at 360 cancer hospitals nationwide. We will have all these centres staffed by counsellors, thereby enabling easy access to various information and data including basic knowledge concerning cancer, prevention measures, treatment methods, and cancer treatment results by hospital (Amount required: ¥50 billion). With respect to the disclosure of treatment records, we will seek cooperation from the relevant clinical society to ensure the objectivity of information.

To develop safe and reliable treatment methods that are suitable for Japanese people, we will promptly create a system for promoting clinical trials and allowing health insurance coverage for hitherto uncovered treatment. Currently, substantial regional disparities in the quality of cancer treatment exist. In order to enable all Japanese to receive the benefits of advanced cancer treatment technologies equivalent to those available in other developed countries, we will work to create a network of medical institutions and nurture cancer physicians and specialists. In addition, we will substantially expand the application of the Special Healthcare Expenditure System so as to enable patients to receive the best available medical care as a "standard treatment" covered by health insurance.

In such areas as palliative treatment for diseases that cannot be cured permanently and the prevention of recurrence, we will promote the development of state-of-the-art treatment, particularly

mutually complementary and/or alternative treatments.

(4) Make it obligatory to disclose patients' medical records and issue itemised statements of medical fees, while taking steps to prevent malpractice

To foster mutual trust between patients and doctors, we will submit to the next ordinary session of the Diet a bill to mandate the disclosure of patients' medical records and the issuance of itemised statements of medical fees. We will also introduce stricter measures to prevent the incidents of malpractice that have frequently occurred by steps including obligatory reporting of medical mishaps to an independent body.

(5) Reinforce dental and mental health treatment services

Medical illness and dental diseases are closely related to each other. Preventing periodontal disease by maintaining healthy teeth and good occlusion is an important preventive medical care that makes a significant contribution to public health. We will review the current medical administration that currently lays excessive emphasis on medical treatment services, including the role of the Ministry of Health, Labour and Welfare, and seek to reinforce dental treatment services.

To enable people to maintain sound health in body and mind in a mature society, we will step up efforts in the area of mental health treatment and implement measures to encourage mental health checks to prevent depression and other mental disorders.

### **3-3 Fix inadequacies in the nursing-care insurance system and reinforce welfare for the challenged**

(1) Fix inadequacies in the current nursing-care insurance system and make it available to all ages

To ensure the sustainability of the nursing-care insurance system in an increasingly aging society, we will eliminate the practice of focussing on unnecessary, non-urgent nursing-care needs and get rid of inadequate or excessive payouts, thereby turning the system into the one that can be trusted by the people. We will fix inadequacies and shortcomings in the current system, for instance, ensuring the appropriate implementation of preventive nursing. We will seek to expand, effective from fiscal 2009, the scope of insured persons and beneficiaries by eliminating age requirements, a measure proposed for but postponed in the 2005 law revisions. We will also ensure that sufficient essential services will be provided to enable people to receive nursing care at home.

In addition, we will encourage local initiatives to implement nursing-care measures tailored to the needs of each community so that beneficiaries can continue to live at home if at all possible. We will also promote the development of assisted living facilities and barrier-free urban areas, while reinforcing medical services for the elderly.

#### (2) Reform welfare policies for the challenged

Assessing the rapidly emerging trends and level of needs of the challenged, we will create a more comprehensive and adequate welfare system for them. We will also realise the same level of welfare for the mentally disabled. We will increase budget allocation for welfare for the challenged to implement various measures including the establishment of an income guarantee system for those with disabilities. The existing policies and legal framework for the challenged are divided by type of disabilities (physical, intellectual, and mental) and fail to address the needs of people with other types of disabilities and those suffering from incurable diseases. We will overhaul these policies and legal framework and establish a comprehensive welfare law for the challenged.

#### (3) Tackle the problem of atomic bomb victims living outside Japan

Under the current Atomic Bomb Victims Relief Law, applications for various allowances and benefits must be filed with a prefectural government. Thus, the law does not extend to those who are living overseas and cannot travel to Japan because of old age or illness. We will make it clear that those living outside Japan are eligible for benefits under the relief law. At the same time, we will seek to revise the existing Atomic Bomb Victims Relief Law to enable applications at Japanese embassies and consulates overseas (Amount required: ¥6.8 billion).

### **3-4 Create a working environment enabling people to demonstrate their ability to the full while maintaining a good work-life balance**

#### (1) Establish rules to ensure that everyone has work and due value is set on labour

As well as expanding job opportunities, we will take steps to foster work-sharing and equal opportunities in the workforce for both men and women, and to eliminate unpaid overtime. We will seek to increase the number of people in employment, preventing any new unemployment from arising. Furthermore, we will take measures to realise a desirable work-life balance, eliminating long working hours, and ensuring that people can take sufficient holidays including all paid annual leave,

so that both men and women can share housework and enjoy life together. As a measure to address the problem of overwork and concerns over employees' mental health, we will make it mandatory to have those working long hours receive an interview with a doctor to get advice. We will also promote measures to protect workers' rights in line with changes in the economy, to ensure the preferential treatment of wages over other receivables in case of insolvency, to correct the disparities that exist between the public and private sectors in various aspects of employment, and to help establish international rules.

(2) Ensure equal treatment for part-timers and enhance child-care and nursing-care leave systems

We will correct irrational disparities between full-time company employees and other workers including part-timers. After taking office, we will seek to promptly enact revisions to the Part-Time Workers Employment Law to prohibit discrimination in wages and other working conditions on the grounds of shorter working hours.

In addition, we will make child-care and nursing-care leave systems applicable to all fixed-term workers who are actually or effectively hired on a contract for at least one year. We will improve the systems to enable people take their leave in instalments, up to a limit of twice monthly, until their children are of elementary school age. Furthermore, we will establish an education and training system for women seeking to return to work or start their own business after quitting work for such reasons as marriage, childbirth, childrearing, and caring for the elderly.

(3) Provide retraining and a monthly allowance of ¥100,000 to those who are unemployed or whose businesses have failed in order to help them make a fresh start and rebuild their life

While seeking to ensure the stability of the special account budget for employment insurance, we will enact a law that would expand the skills development program and provide an allowance of ¥100,000 per month for a maximum of two years to assist people who were unable to find jobs during their period of unemployment benefit, those who have gone out of business, and so forth (Amount required: ¥250 billion). Also, health-insurance premiums will be lowered for one year to ensure that people laid off because of bankruptcies or restructuring are able to receive medical care. (Amount required: ¥2.5 billion).

(4) Personalised employment support to help young people find their feet

We will set up support centres, tentatively called "Young Work Service Centres," to offer

personalised advice to young people who have lost jobs or who are currently without work. The centres will offer vocational training in private companies and technical schools and, where necessary, a back to work allowance of ¥1,000 per day (about ¥30,000 per month) will be provided (Amount required: ¥36 billion). We will provide a forum where young people not in education, employment, or training (NEETs) can gather and seek advice and support. We will also introduce five or more days of work experience for all second-year junior high school students nationwide (Amount required: ¥1.7 billion).

## **4 Childrearing**

### **4-1 Create a society in which children grow up physically and mentally sound**

(1) Create a new “child allowance” of ¥16,000 per month

As part of efforts to support the nurturing of the next generation, we will expand the child-support allowance system by eliminating the spouse tax deduction, spouse special tax deduction, and dependent deductions (except for those with elderly parents). Specifically, a new monthly allowance of ¥16,000 will be provided per child, regardless of the household income level, until the end of compulsory education (Amount required: ¥3 trillion).

(2) Create a new “childbirth subsidy” system

In addition to the existing lump-sum childbirth allowance, which is a benefit provided by health insurance, we will create a new childbirth subsidy system funded by taxes to provide a ¥200,000 lump sum for each newborn child, whereby the cost of childbirth will be almost entirely covered by insurance and subsidies (Amount required: ¥220 billion).

(3) Expand pre-school education by integrating kindergartens and nursing schools as well as by assisting NPOs, and increase the number of establishments providing after-school care to 20,000

We will seek to eliminate the waiting list of children wishing to enter nursery school, estimated at some 25,000. We will fight bureaucratic sectionalism and seek to integrate the two types of child-care institutions—nursery schools, which are under the auspices of the Ministry of Health, Labour and Welfare, and kindergartens, which are managed by the Ministry of Education, Culture, Sports, Science and Technology—into a new type of child-care facility, tentatively called *kodomoen* (children’s nurseries). We will take concrete steps to eliminate the waiting lists by making active use

of diverse local resources including “at home” NPO day care services (run by what are popularly called “nursing mamas”).

We will increase the number of establishments providing after-school care from approximately 14,000 at present to 20,000 over four years, and boost the number of supervisors from some 50,000 to 60,000. For implementing measures targeted at the elimination of the waiting lists, including the extension of child-care service hours in response to the changing working patterns of parents, we will altogether secure a budget of at least ¥96 billion.

(4) Carry out structural reform of the paediatric care system by substantially increasing the number of paediatric hospitals and doctors, and reduce to 10 percent the proportion of medical expenses applying to children until the end of their compulsory education

We will designate at least 50 highly specialised paediatric hospitals to serve as core hospitals and establish at least 240 local paediatric centres. Making reference to a model plan for paediatric and emergency medical services put forward by the Japan Pediatric Society, we will also seek to establish a system for providing emergency services, for instance, by securing some 1,000 doctors specialising in emergency paediatric care, introducing a rotation system under which local clinics and the paediatric department of a district hospital take turn to serve as an emergency centre, and organising paediatricians providing advanced emergency services (Amount required: ¥1 billion).

While addressing any problems in the existing fee system for paediatric services to ensure appropriateness, we will submit to the Diet, by the end of fiscal 2006, a bill to change the current legislation in order to reduce the burden of medical expenses born by paediatric patients under national health insurance. Specifically, we will seek to reduce the proportion of costs born by patients from the current 20 percent to 10 percent for the treatment of children under three years old, and from 30 percent to 10 percent for those aged three and up until the end of compulsory education (Amount required: ¥40 billion / Financial conditions of health insurance associations will be taken into consideration).

(5) Work toward the establishment of a new Child and Family Ministry

Many government agencies are involved in issues related to children and families: the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labour and Welfare, the Ministry of Justice, and the National Police Agency. The negative effects of bureaucratic sectionalism are plain to see. After taking office, we will promptly begin work on establishing a new

government agency, tentatively called the Child and Family Ministry, to plan and implement policies related to children and families in an integrated manner.

(6) Protect children from harmful information

To protect children from harmful images such as brutal violence and sexual abuse, we will endorse systems for separate display of adult-content publications and attention to broadcast times so that children are not exposed to harmful information in the course of their daily lives. To that end we will work toward enacting a law for protecting children from specific violent and harmful information. Given that today's children live in an information society, we will also promote education that develops children's ability to accurately understand the significance of information and to use it appropriately (media literacy).

## **5 Education and Culture**

### **5-1 Promote reform of state elementary and junior high schools to ensure high-quality learning opportunities for all children**

To enhance children's living ability (academic ability, physical ability, and human ability), we will carry out reform of state elementary and junior high schools. We will implement thorough state school reform so that all children, regardless of the economic and social status of their parents, can have equally high-quality learning opportunities.

(1) Enhance educational human resources in both quality and quantity

For the appointment of "trustworthy principals" with excellent school management capabilities, we will seek to expand the current public recruitment system. We will also embark on personnel reform so as to enhance teachers' classroom skills and motivation. The DPJ has been making strenuous efforts to ensure smaller class sizes of no more than 30 pupils. Pressing further on this initiative, we will seek to increase the number of teachers relative to the number of pupils, thereby achieving the average level of OECD countries (16.6 students per teacher). When recruiting and appointing new teaching staff, we will encourage the selection of candidates with practical work experience and with non-teaching backgrounds. We will reinforce the program for training teachers by extending the course period, in principle, to six years, while creating an accreditation system for specialised teaching staff such as course instructors and moral tutors. Also, we will help set up a graduate school program for fostering school managers.



(2) Provide schools and local authorities with greater authority underpinned by accountability

To enable schools to provide education finely tuned to the needs of each student, we will revise the Law concerning the Organization and Management of Local Education Administration in fiscal 2006, thereby transferring authority over personnel management for teaching staff, execution of budgets, and the content of education to municipalities and schools. At the same time, we will introduce a system for evaluating school performance, and hold schools and their supervising municipalities fully accountable to the parents of students as well as to the local community.

With respect to small-scale municipalities, we will re-examine the administrative units for education and seek cooperation from other municipalities or the relevant prefectural government. Establishing such a school system based on local initiatives and accountability is also crucial to increasing the effectiveness of measures vis-à-vis disqualified teachers.

(3) Promote the participation of local residents and parents in education

We will further evolve and improve community schools, which have become an increasing presence in Japan thanks to the efforts of the DPJ, to turn them into school run by the local authority and managed by a board of directors whose members would include local residents, parents, school principals, teachers, and other education experts.

(4) Support Saturday schools and after-school learning

To foster children's all-round "lifeskills", we will fully cooperate with local communities, parents, and volunteers to support Saturday schools (including nature schools and outdoor activities), after-school learning, integrated learning, activities to promote book reading, and so forth.

(5) Secure sufficient financial resources for compulsory education

To maintain and improve the quality of education at state schools, we will take every possible step to ensure that sufficient budgets are received by those at the forefront of school education. As one such measure, we will introduce a state subsidy system under which the central government directly provides lump-sum education subsidies to school governing bodies (municipalities).

## **5-2 Enact a Basic Law for School Safety to enhance the safety of children and students**

To ensure safe and secure school life for children, we will enact a Basic Law for School Safety (tentative name), thereby implementing measures to secure school safety in a comprehensive and systematic way. The central and local authorities will be responsible for establishing safety standards and a mechanism for implementing such standards. By having the central and local authorities proactively undertake these tasks, we will ensure that every necessary step will be taken to prevent crimes, disasters, accidents, and problems that may be caused by the aging of facilities, and that measures will be taken to maintain and improve environmental sanitation (including measures to prevent asbestos exposure) at schools.

## **5-3 Reform private schools in order to secure diverse educational opportunities**

Today, we are living in an era when anyone who wishes to enter high school can do so, and 1.09 million out of a total 3.7 million high school students are attending private high schools. However, compared to those attending state high school, private high school students are entitled to receive far less public support (roughly one third), forcing their parents to bear an excessive burden for the cost of education. To correct such state-private disparities, we will provide private school students with direct tuition fee subsidies.

In addition, to promote the establishment of private schools to offer diverse educational opportunities to students, we will re-examine and review the criteria for establishing schools. We will also seek to revise the Private School Law so that schools can be established without needing to ask the opinion of the relevant prefectural council for private schools, as long as certain objective requirements are met.

## **5-4 Realise a student loan scheme that is accessible by all applicants**

The economic circumstances of parents have deteriorated as a result of the prolonged recession, and an increasing number of students are being compelled to drop out of high schools, vocational colleges, and universities. Against this backdrop, and as a means to encourage students to become socially independent and awaken them to their social responsibilities, we will enable all students who apply to receive student loans. At the same time, we will raise the amount of such loans by 50 percent (for instance, from the current ¥64,000 per month to ¥96,000 for private university students living away from home). We will also ease eligibility criteria, for instance, by eliminating requirements concerning parents' income (Amount required: ¥60 billion)

Of some 150 signatories to the International Covenants on Human Rights, only Japan and two other countries withhold implementation of provisions calling for the realisation of free higher education. The DPJ will press for the ratification of these provisions.

We will also increase financial support to high schools that reduce or waive the tuition fees of students who are finding it difficult to continue their education.

### **5-5 Implement intellectual property policies for culture and the arts**

We will establish fair use rules and implement intellectual property policies for artists/creators and users of copyrighted products (consumers, end users) who may include future artists and creators. Digital archive projects, such as the one undertaken by the National Diet Library, will be fully implemented.

### **5-6 Improve health through sports promotion**

Children's fitness has been seriously declining. To help children improve their physical fitness, we will take a series of measures designed to promote sports. For instance, we will establish a system for dispatching external coaches as a way to foster exchanges and joint activities among different schools, while extending support to youth sports teams. Furthermore, we will take steps to guarantee the status of socio-physical instructors, to train and secure more such instructors, and to promote lifelong sport programs.

## **6 Decentralisation and Support for Civic Activities**

### **6-1 A "Decentralisation Revolution": Build a society in which regions can decide local issues for themselves**

(1) Transfer ¥18 trillion in tax revenue to the regions and allow them to decide on the use of these funds

- Negative effects of the central government's bureaucratic sectionalism and the lack of cost consciousness by both the central and local governments are resulting in huge wasteful expenditures. This is particularly apparent in the tied grants system. The DPJ intends to change this through a radical shift of tax resources to the regions so that they can take responsibility for

deciding the use of funds.

- In the first stage of reform, of the total ¥20 trillion in grants from the central government to local governments, approximately ¥18 trillion (excluding appropriations for projects for which the central government should retain control, such as funds for public livelihood assistance), will be abolished in principle. These will be replaced by the transfer of tax resources (¥5.5 trillion) and lump-sum grants (¥12.5 trillion) within three years. The lump-sum grants will be provided to the regions allocated to broad categories such as “education”, “social welfare”, “agriculture and the environment” and “local economy” and local authorities will be able to use the revenue freely within these broad allocations. In contrast to the current ‘tied grants’, it will be as a rule unnecessary for local government officials to petition central government for funds. This will dramatically increase the revenue available for use at the discretion of local authorities, eradicate the existing bureaucratic sectionalism, and enable the use of taxes to meet local needs, for example the construction of combined facilities for the welfare of the elderly and child care. Letting local governments decide for themselves will develop a sense of ownership, whereby they will be compelled to reduce wasteful projects and improve local administration. Furthermore, we will reform the current municipal bond system from the viewpoint of ensuring the self-sustainability and self-responsibility of each local government.
- In the second stage, we will press for further central-to-local transfer of tax resources (by means of the new lump-sum grants). In doing so, we will first clarify the respective roles of central government and local governments based on the “principle of subsidiary.” In addition, we will substantially strengthen local governments’ authority to levy taxes. Thus, by promoting local governments’ efforts to secure tax revenue on their own, we aim to increase the proportion of municipalities that are financially independent from central government to more than 50 percent. Meanwhile, as a means to correct the disparities among different municipalities to a certain degree, we will establish a new, highly transparent fiscal adjustment scheme by overhauling the existing local tax allocation system. We will establish a special fiscal adjustment system with respect to areas with special circumstances, such as depopulated areas and remote islands.
- In promoting decentralisation policy, we will institutionalise a consultation process between the central and local governments so as to ensure that true and substantive decentralisation will be achieved by reflecting local voices and those of people on the ground.

(2) Give priority to transferring powers and financial resources to municipalities and create a society in which local residents play a leading role

- Decentralisation is a process of restoring to local residents (citizens) authority and financial resources that have been concentrated in the hands of central government. To do this, we will transfer as many powers and financial resources as possible to municipalities (i.e. cities, towns, and villages), which are the administrative units closest to individual citizens. In particular, key municipalities with a population of 300,000 or more will be granted administrative authority and tax resources equal to or greater than those of government ordinance-designated cities. Then, we will thoroughly implement the principle of subsidiary, that is, upper-tier local authorities (prefectures or *do-shu* regions) will be responsible only for those matters that cannot be handled by municipalities, and the central government will take care of only those matters that cannot be handled by upper-tier local authorities.
  
- In order to make it clear that local residents play a leading role in their own community, we will create an environment in which they can easily participate in decision-making, monitor, and evaluate their local government. To strengthen information disclosure and direct participation by citizens, which are the most important prerequisites for enabling local residents to participate and have their views reflected in decision-making on administrative measures, we will seek to enact a Basic Law for the Promotion of Citizens' Self-Governance (tentative name) and a Local Referendum Law.
  
- We will take steps to enhance local authority to better respond to local needs and reinvigorate regional areas. Of the standards and regulations provided for under government and ministerial ordinances, those concerning matters closely relating to people's daily lives will be abolished in principle and replaced by local government ordinances, thereby enabling local residents to decide for themselves.

(3) Limit the powers of central government ministries and create a strong government within that framework

Over-centralisation of authority is what makes Japan a “rigid society” where the same rule is applied nationwide, a “discontented society” where people feel alienated from political administration, and a “dependent society” where local governments rely on central government. During our term of office, we will enact a law for greater local autonomy with provisions to limit the powers of central government ministries and agencies and to clarify the division of authority between central and local governments. With this, we will turn Japan into a “flexible society” that is responsive to local needs, a “contented society” where it is easy for residents to participate in political activity, and an

“autonomous society” with healthy competition among local governments. At the national level, we will build a strong government to deal flexibly and efficiently with a limited range of issues, such as diplomacy, security, currency, and finance.

(4) Create a new framework for local politics

Against the backdrop of the ongoing enlargement and reinforcement of municipalities as a minimum administrative unit, we will begin to prepare for the realisation of a *do-shu* region-wide administrative system, while paying due consideration to voluntary decisions by each prefectural government. At the same time, we will seek to realise a society based on the ideas of autonomy and co-existence by revitalising local communities that are the social unit closest to peoples’ lives. We will also provide greater flexibility to the framework of local politics by introducing a city manager system and reviewing the number of seats in each local assembly.

## **6-2 Support spontaneous activities by citizens with whom sovereignty rests**

(1) Support NPOs through the tax system

We will foster and support non-profit organisations (NPOs) as providers of community-oriented public services and as creators of employment, thereby supporting the revitalisation of civic activities. As of June 2005, only 34 organisations out of 22,000 NPOs nationwide are designated as eligible for preferential tax treatment. We will substantially ease eligibility requirements so that approximately one out of every two such entities will be eligible for preferential treatment. Currently, small donations of ¥10,000 or less are not tax-deductible. We will eliminate such minimum amount requirement from the eligibility criteria so as to encourage people to make small donations.

(2) Undertake a radical review of the public service corporation system

The DPJ will strive to address the structure of the civil/cooperative sector. To promote private citizens’ activities, we will revise provisions of Article 34 of the Civil Code concerning public service corporations, and establish a general law to regulate NPOs. Under the new legislation, (i) the existing prior-approval system for the establishment of NPOs would be replaced by a registration system so that a new NPO can be set up by registration instead of seeking the prior approval of the competent government agency; (ii) NPOs would be, in principle, exempted from corporate taxes (profit-generating activities would be taxable at a reduced rate in principle, but non-taxable if such activities are part of core activities); (iii) NPOs that meet certain criteria would be entitled to an

expanded and more favourable “deemed donation system,” greater “tax deductions,” and other treatments; and (iv) individuals would receive a tax credit of up to 50 percent of the total donations they made (but not exceeding 20 percent of their income taxes). Meanwhile, regarding donations by companies, an amount equivalent to up to 10 percent of taxable income would be deductible as expenses, with the remaining amount deductible in the same manner over a period of five years.

## **7 Restoration of Fiscal Soundness**

### **7-1 Cut fiscal expenditures by ¥10 trillion, cap new issuance of government bonds below ¥30 trillion, and halve the primary deficit in three years**

We will implement thorough expenditure reform in our first three years in office so as to bring the primary balance of the general account (fiscal balance excluding revenue from bond issuance and interest payment) back into surplus within eight years in office. During that period of time, we will implement no tax increases for the purpose of fiscal reconstruction. However, we will implement tax increases targeted at achieving clear-cut policy goals, provided that such measures can be financed by shifting resources and thus would not effectively increase the overall burden on taxpayers. For instance, such measures would include the creation of a new “child allowance” financed by funds made available by streamlining various deductions.

We will cut a total of ¥17 trillion from existing expenditure, appropriating some ¥7 trillion for the implementation of policies spelled out in our Manifesto. Specifically, we will halve the total expenditure on public works projects directly controlled by central government (¥1.3 trillion), reduce the personnel costs for civil servants employed by central government by 20% (¥1 trillion), and halve the expenditure for government-affiliated special corporations (¥1.8 trillion). In addition, the replacement of the current project-by-project subsidies from the central to local governments with lump-sum grants will reduce expenditures for local governments by 20 % (¥2.8 trillion), while the transfer of tax resources from the central to local governments will result in a reduction of ¥1.7 trillion in local allocation taxes, which are another form of central-to-local funds transfer. The remaining savings will be made by cutting other expenses by 10 percent as well as by thoroughly reviewing special accounts.

Consequently, we will keep new issuance of government bonds below ¥30 trillion and halve the primary budget deficit for fiscal 2008.

Then, in the subsequent five years, we will further proceed with expenditure reform. And once we

have done that, we will also implement reform on the revenue side. Through all these measures, we will realise a primary surplus in the eighth year.

## **7-2 Conduct a zero-based review of special accounts, a hotbed of wasteful spending, and help restore fiscal soundness**

The presence of numerous special accounts is making it hard to grasp the country's actual fiscal condition. These accounts are also serving as a secret source of funds for each government agency, thus becoming a hotbed of wasteful expenditures. In order to put an end to such wasteful spending, we will conduct, in three years, a zero-based review of all the 31 special accounts and 63 sub-accounts.

By thoroughly reviewing six public works-related special accounts, including those for road construction and improvement, flood control, and harbour improvement, we will halve the total expenditure on public works projects directly controlled by central government, and then use the available funds in a well-focused manner.

The special account for government bonds consolidation funds will be renamed as the "special account for fiscal reconstruction" in order to articulate the government's commitment to restoring fiscal soundness. We will abolish the special account for fiscal loan programme funds, a source of funds for government-affiliated special corporations, and make these corporations raise funds by issuing bonds. ("FILP bonds" as such bonds are currently called will be renamed to "special corporation bonds" to avoid giving impression that such bonds are backed by implicit government guarantees.)

## **8 Postal Reform**

In Japan, people's money (private-sector funds) collected in the forms of postal savings and postal insurance premiums is being channelled, via government bonds and the government's Fiscal Investment and Loan Programmes (FILPs) into the public sector, where it is spent wastefully. The DPJ believes that the ultimate goal of postal reform is to correct this situation and to that end, we will give first priority to the scaling down of the postal savings and insurance programmes to the minimum so as to bring people's money, which is currently flowing to the public sector, back to the private sector. Steps to be taken in this direction will contribute to the strengthening of fiscal discipline as well as to the revitalisation of the private-sector economy.



In line with policies set out in our Manifesto 2003 for the House of Representatives election (page 47) and Manifesto 2004 for the House of Councillors election (page 34), and based on the ideas spelled out in our report announced on March 29, 2005, we will implement the following postal reform measures:

**8-1 Scale down the postal saving and insurance programmes, which together hold ¥340 trillion, to an appropriate size**

(1) Lower the upper limit of postal savings per depositor to ¥7 million by the end of fiscal 2006

(2) Ensure that multiple accounts or deposits held by the same person are properly grouped under a single name to accurately grasp the aggregate amount held per depositor and any amount exceeding the limit be transferred to other means such as government bonds

(3) Further lower the upper limit of postal savings deposits to ¥5 million

(4) Aim to halve the amount of funds held in postal savings—¥220 trillion at the moment—within eight years

**8-2 Halve within three years the amount of subsidies to government-affiliated special corporations and other entities, standing at ¥3.5 trillion at present, to eliminate the root cause of the wasteful spending of postal savings and insurance funds**

**8-3 Maintain the universal postal delivery services nationwide under the responsibility of the central government, but at the same time promote the participation of private-sector delivery service providers, so as to offer both “public” and “private” services for consumers to choose from; encourage private service providers to enter the market by eliminating excessively stringent conditions such as the requirement to set up 100,000 post boxes.**

**8-4 Ensure that post offices maintain settlement services (cash deposits and withdrawals, payment of utility bills, the receipt of pensions, and so forth) and continue to provide one-stop administrative services under the responsibility of the central government**

**8-5 Examine all possible options, including the possibility of integration with a quasi-governmental financial institution, once the postal savings and insurance programmes have been scaled down to the optimal size**

## **9 Economy, Regulatory Reform, and Small and Medium-sized Enterprises**

### **9-1 Revitalise the economy**

(1) Shift the weight “from concrete to people” in allocating resources and aim to straighten up the nation’s macroeconomic policy

Macroeconomic policy is a question of managing fiscal and monetary policies, and taking sound measures in these fields is a matter of urgency. Japan’s fiscal policy has hitherto channelled a huge portion of financial resources into “concrete block” projects. We will change this and shift the weight onto “human” projects. To nurture “human” resources and to generate new demand and jobs, we will ensure adequate fiscal management. Also, to realise fiscal stability and soundness, we will push through thorough expenditure reform and bring the primary balance back into surplus within eight years. In monetary policy, we will strive to end the abnormal measures of zero interest rates and quantitative easing as quickly as possible and return to normalcy.

(2) Halt wasteful public works, and shift the emphasis in economic policy to people’s daily lives and the environment

Our target is to cut major public works controlled directly by the central government by 50 percent, or ¥1.3 trillion. We will halt construction and planning for large-scale directly controlled public works projects, such as the Kawabegawa dam project (Kumamoto Prefecture; total project cost: ¥265 billion), the Yoshinogawa moveable dam plan (Tokushima Prefecture; total project cost: ¥104 billion), and the Yanba dam project (Gunma Prefecture; total project cost: ¥460 billion), all of which are classic examples of wasteful spending. For these we will substitute projects that genuinely promote regional development. Other projects will also be scrutinised and classified into those that should be frozen, those that should be suspended, those that should be reviewed, and so forth, and we will promptly take the necessary steps wherever possible. With respect to projects such as the Isahaya Bay land reclamation project, on which work is well advanced (¥236.8 billion of the total cost of ¥249 billion already spent), and the Nagaragawa estuary dam project, which has been completed, we will review what is to be done with them after sounding out the view of local residents and governments.

The recent revelation of a major bid-rigging scandal over bridge construction projects has highlighted the deep-rooted, high-cost structure of public works projects, i.e. shown how the cost of public works is being elevated by rampant bid-rigging practices. To prevent wasteful spending of tax

revenues, we will make it possible to undertake more projects for less cost by making all-out efforts to eliminate bid-rigging practices. In particular, from the viewpoint of preventing collusive bidding at the initiative of government agencies, we will seek to revise the Act concerning Elimination and Prevention of Involvement in Bid Rigging, Etc. and the Criminal Code so as to impose greater penalty on civil servants involved in bid rigging. For the same purpose, we will also reinforce restrictions on golden parachuting by civil servants. Furthermore, to prevent collusion, we will reform tendering procedures by introducing regular competitive bidding for public works projects at the national and local levels as well as by expediting the introduction of electronic tendering.

(3) Abolish the public highway corporations, and make most motorways toll-free

The current scheme for privatising highway-related public corporations is incapable of reducing debts totalling ¥40 trillion and the construction of unneeded highways will continue. Every year, the central government has some ¥6 trillion in excess tax revenues, raised for the purpose of general road construction. That money, however, cannot be used for the construction of highways and the result is notoriously expensive highways whose toll fees are said to be the world's highest. We will make highways easy to use and, by making motorways toll-free, lower distribution costs, and bring greater convenience into people's daily lives. In tandem with that we will return the roads, which have hitherto been in the thrall of various interest groups (tax-eaters), to local communities and the people, in all aspects, that is in the construction, use, and management of roads.

By making the best use of highways, which are ineffectively used at the moment despite the huge investment made in them, we will revitalise regional economies and reduce distribution costs in Japan. We will examine the financial situation of the special account for road improvement and the actual state of public highway corporations, both of which have been hitherto kept opaque. Then, based on thorough understanding of the present state of affairs, we will draft a concrete plan toward realising toll-free highways. We will make all highways toll-free within three years, except those in certain major urban areas during certain periods. We will scrap the four highway-related public corporations (the Japan Highway Public Corporation, the Metropolitan Expressway Public Corporation, the Hanshin Expressway Public Corporation, and the Honshu-Shikoku Bridge Authority). Eliminating tolls will not only reduce costs for motorists but will also greatly increase the number of entrances and exits to motorways, with the result that regional motorways will be brought back to life as local roads that local people can make good use of in their daily lives. The consequent reduction in the cost and time of distributing agricultural, livestock, and marine products to where they are consumed will also help stabilise the livelihood of people in the agricultural, forestry, and fisheries sectors. Some ¥2 trillion must be spent annually on highway-related debt

repayments and road maintenance and management. A portion of the combined budgets for national and local roads, which currently total ¥9 trillion, could be diverted to that, and other funding could be derived from special tolls charged only in major urban centres as part of measures to deal with congestion and environmental damage.

(4) Abolish earmarked funds for road construction, reduce vehicle-related taxes, and establish a global warming tax

By overhauling road policies, including vehicle-related taxes that have been set high because of the priority given to road construction, we will divert funds earmarked for road construction to general use, and reduce vehicle-related taxes substantially. We will submit to the Diet and seek the enactment of a bill to abolish earmarked funds for road construction, and a tax-reform bill to halve the motor vehicle tonnage tax and abolish the automobile-acquisition tax. In parallel with these moves, we will take steps to bequeath a pleasant global environment to future generations and to carry out Japan's international responsibilities as the host nation of the Kyoto Protocol. Accordingly, while formulating measures that take Japan's international industrial competitiveness into consideration, we will establish a "global warming tax" on sources of carbon dioxide (CO<sub>2</sub>) as an effective measure to abate the climate change. The amount of tax—some ¥3,000 per ton of carbon content—will correspond with the extent of the burden imposed on the environment. (See 11-2 for global warming tax.)

(5) Help retiring baby boomers return to the regions and promote local initiatives for creating job opportunities

By expanding tax incentives for facilitating donations to NPOs and by promoting the implementation of purpose-specified local inhabitant taxes, we will help revitalise local communities, generate job opportunities, and strengthen the foundation for various private-sector activities. By bringing out the vitality of the private sector, we will expand opportunities for reemployment or continued employment for soon-to-retire baby boomers so as to help them start a new chapter of their life while firmly taking root in the local community. Through this, we will also seek to revitalise small and medium-sized local businesses and local shopping districts.

(6) Support household incomes by establishing a system that makes loan interest deductible

We will create a new "loan interest deduction system" by fiscal 2007 to make loan interest—not only on housing loans but also on various consumer loans such as car loans and education

loans—deductible from income for tax purposes. Through this scheme, we aim to support household consumption and help people lead prosperous and diverse lives.

(7) Push forward financial reform to facilitate a shift from “saving to investment” and from indirect financing to direct financing

To create a fair and transparent securities market and press forward financial reform to facilitate a shift in people’s preference from saving to investment, we will create a new watchdog agency for the securities markets, a Japanese version of the Securities and Exchange Commission of the US, within a period of three years, and seek to establish a Financial Service and Market Law. We will study and quickly implement a series of tax measures aimed at promoting financial and securities investments. For instance, we will consider abolishing or cutting the dividend tax, a step designed to encourage and expand long-term equity holdings particularly by individual investors, and providing a tax credit equal to a certain percentage of the amounts invested in venture businesses.

(8) Expedite the removal, in principle, of the regulation on business activity to stimulate corporate endeavour and entrepreneurship

To induce private sector vigour and creativity and to develop new demand, we will take steps toward removing the red tape on private-sector business activities, ensuring an environment conducive to fair competition, and so forth. We will conduct a zero-based review of all the existing restrictions on business activities.

We will thoroughly examine all government undertakings from the viewpoint of taxpayers and ordinary citizens in order to improve efficiency and quality. For this, we will evolve the existing market testing system into “lifestyle convenience improvement testing,” which lets both public- and private-sector candidates compete so the one that provides better services at a low cost can be selected. This will be accompanied by the reinforcement of ex post facto check on the performance of the selected service provider.

We aim to start implementing the daily-life convenience improvement testing in the next fiscal year. In line with this, we will take the necessary legislative steps, while establishing a powerful and neutral third-party body under which eligible service providers and successful bidders will be selected. Projects and other undertakings by government-affiliated special corporations and incorporate administrative agencies will be subjected to this testing. We will design the scheme in a way that will encourage local governments to introduce the testing.

We will seek to enact a Regulatory Reform Basic Law (tentative name) during fiscal 2006 to clearly set out legal grounds for promoting regulatory reform. Then, we will proceed, both quickly and steadily, to conduct a thorough review of regulations, to formulate action plans, and to monitor and evaluate progress.

(9) Promote the creation of an IP (intellectual property) nation, so as to enhance competitiveness and technical capabilities

We will strengthen the protection of intellectual property rights in order to enhance Japanese companies' competitiveness in the global market as well as to promote science and technology. We will put the Intellectual Property Basic Law into a more concrete form, whereby we will seek to boost support for SMEs and venture businesses, to enhance mechanism for settling disputes involving intellectual property rights, to foster specialists in intellectual property rights, to strengthen government-industry-academia collaborations in the regions and elsewhere, to revise budget allocations for research and development (R&D), to improve a research environment in a way to raise the motivation of researchers, to develop technology licensing organisations (TLOs), and to strengthen measures to prevent and/or counter the problems of counterfeit products and patent infringements.

(10) Drastically reform the Antimonopoly Law to align it with international standards

Establishing foundation for fair competition is a matter of top priority in economic structural reform. As the first step toward achieving that end, we will overhaul the Antimonopoly Act, the basic law governing economic activities. Specifically, we will: (i) introduce an "administrative fine" that can be flexibly reduced or raised in accordance with the nature of each case, (ii) increase the number of hearing examiners with a majority of them being a qualified legal expert, (iii) introduce a remission system focusing on compliance with laws and regulations and (iv) allow for reducing or eliminating fines imposed on informants who report the misconduct of officials at an order-placing government agency, when collusive bidding has taken place at the initiative of the said government agency. We will realise all these measures by the end of fiscal 2006. In tandem with these revisions to the Antimonopoly Law, we will revise the Act concerning Elimination and Prevention of Involvement in Bid Rigging Etc. and the Criminal Code, incorporating provisions for subjecting violators on the administrative side to stricter punishment. Thus, from the viewpoint of preventing collusive bid rigging at the initiative of civil servants, we will seek to reinforce punishments for public officers' involvement in bid rigging. We will also enhance the capacity and power of the Fair Trade

Commission so that the Commission can effectively cooperate with law enforcement agencies.

(11) Establish a system for strategically promoting science and technology policies to ensure that the next generation retain competitiveness

Life sciences including medical technologies, information and communication technologies, nanotechnologies, and environment and energy technologies are certain to become a major battleground for global competition. From the viewpoint of securing industrial competitiveness in the next generation technologies, we will seek a quick solution to the problem of insufficiency, both in terms of quality and quantity, of researchers and engineers specialised in such advanced technologies. We will strategically promote policy measures for technology development, including the establishment of ethics rules, which is said to be a major challenge. In doing so, we will select research themes based on a long-term perspective and from the viewpoints of maintaining and improving people's lives as well as securing people's safety; reinforcing industrial competitiveness; promoting basic research; and addressing the problem of global warming. Selected research themes will be subject to intensive injection of state funds.

We will also establish a system for strategically promoting science and technology policies. With respect to allocation of budgets, we will shift to a new mechanism that focuses on the substance of research and thus provides funds to individual researchers, instead of providing subsidies to research institutions as is the case under the current system. In order to ensure objectivity in evaluating the performance of R&D projects, we will establish a Research and Development Evaluation Law.

Furthermore, in order to nurture future human resources, we will improve the overall environment for science and mathematics education, for instance, by increasing the number of teachers with a good knowledge of these fields at the elementary level of school education. We will also reform entrance examinations for universities accordingly.

(12) Drastically reform administration for the allocation of radio frequencies

In order to promote the efficient and effective use of radio frequencies, we will drastically reform the existing system for allocating radio frequencies. At the same time, we will seek to establish a Communications and Broadcasting Commission, an independent administrative authority (similar to the US Federal Communications Commission), to promote fair competition.

## **9-2 Support small and medium-sized enterprises**

(1) Implement policies to promote the recovery of small and medium-sized enterprises (SMEs) by taking such steps as doubling the size of the budget for SME policies, eliminating quasi-governmental financial institutions' practice of requiring a personal guarantee in extending loans to SMEs, and so forth.

To reinvigorate local industries and shopping districts, we will double the budget for assisting SMEs and revitalising shopping districts. We will also promote business start-ups by enhancing preference tax treatment for angel investors. At present, small business owners are forced to make a personal guarantee in borrowing money for their business. As a step aimed at correcting such misguided practice in SME financing, we will make it a rule that quasi-governmental financial institutions will not ask for such personal guarantee in extending loans to SMEs.

(2) Create creditworthy banks

- When dealing with SME finance (financing based on personal credit, including for the self-employed), we will make a clear distinction from lending to large companies. Separately from those for large companies, we will produce inspection manuals for SME financing in which emphasis is placed on cash flow, rather than on collaterals, thus seeking to solve the problem of banks' reluctance to lend and forcible withdrawal of funds.
- We will enact a Law for Facilitating Local Financial Services that calls for the disclosure of information on the extent to which financial institutions contribute to the locality, and their terms for lending to SMEs.
- From the perspective of facilitating and ensuring the adequacy of financing for SMEs, we will establish a law requiring banks to explain lending conditions, to exchange documents, and to formulate lending policies.

## **10 Agriculture, Forestry, and Fisheries**

### **10-1 Institute a sweeping change from subsidies to direct payments as a cornerstone of agricultural policy**

Current agricultural policy is focused on measures to prop up prices for certain agricultural products



and subsidies designed to support agricultural structure improvement projects. To change this situation and revitalise agriculture and farming villages, we will make direct payments a cornerstone of our agricultural policy. These payments will be made, in principle, to all farming households falling under the category of *hanbai noka* (seller farmers).

The total amount of the direct payment scheme will be approximately ¥1 trillion, of which ¥500 billion will be provided as direct payments from central government to farmers producing priority crops including rice, barley, soybeans, minor grains, rapeseed, and feed crops. Also, from the viewpoint of promoting decentralisation, the central government will provide local governments with ¥500 billion in funds from which direct payments will be made in accordance with the needs of each region.

In addition to those discussed above, we will implement direct payment schemes targeted at farmers in mountainous areas and those undertaking environmentally friendly agriculture (such as organic farming).

Through these measures, we aim to lift Japan's food self-sufficiency ratio from the current 40% to 50% within 10 years of taking office, and to 60% or more over a longer-term period. Furthermore, by abolishing the compulsory rice acreage reduction program and by stockpiling 3 million tons of rice, we will pave the way for ensuring food security, preparing for humanitarian food aid to other countries, and promoting biomass projects utilising surplus rice.

Particularly, from the viewpoint of ensuring food security, we will retain the current size of farmland of some 4.7 million hectares while at the same time promoting the effective use of farmland.

## **10-2 Breathe new life into farming, forestry, and fishing villages**

Although the population drift toward cities continues, Japan's development cannot be considered without addressing the revitalisation of rural communities, which account for the majority of the nation's land area. To this end, we will implement a series of measures to improve the overall living conditions in rural areas, with a goal of creating a community where families with children and elderly persons can live at ease. Specifically, we will expand employment opportunities, enhance education and healthcare services, and provide reasonable public transportation. We will also establish a system for preserving agricultural resources and infrastructure (such as the maintenance and management of key irrigation facilities) under the responsibility of the central and/or local governments.

To facilitate interactions between urban and rural communities, we will seek to implement programs designed to provide hands-on learning experiences in farming, forestry, and fishing villages while taking steps to promote full-fledged European-style green tourism.

Women constitute approximately 60% of the farming population in Japan. Considering the important role they play, we will take a series of steps to support them. Specifically, we will seek to enact a Law for the Support of Women in Rural Communities and set up a system of child-care helpers for women in farming, forestry, and fishing villages. We will also take measures to encourage greater participation of women in administration as well as in decision-making processes for local community management.

Responding to the needs of salaried workers and retirees wishing to enter the agricultural sector, we will ease conditions for farmland acquisitions. Specifically, the minimum acreage allowed for purchase will be lowered provided that purchasers remain engaged in agriculture, adhere to land use plans prescribed by the relevant local authorities, and do not convert the land to any other use.

### **10-3 Revitalise fishing villages through marine resources restoration projects**

Japan used to be one of the world's leading exporters of marine products. Today, however, the country has become a net importer with its self-sufficiency rate for marine products having fallen to 53%. Against this backdrop, we will undertake all-out efforts to restore and manage the nation's marine resources. As part of this endeavour, we will construct "underwater forests of seaweed," a spawning ground for fish and shellfish, as a public works projects, while implementing marine resources restoration programs. Also, as a means to revitalise fishing villages, funds worth approximately ¥50 billion will be provided in direct payments to support local initiatives to restore resources and maintain vitality.

### **10-4 Reforest 10 million hectares of land over 10 years: Nurturing "green dams"**

Forests contribute to the public good in many ways. To regenerate them effectively and quickly, we will implement forestry administration and environmental administration in an integrated manner.

We will take steps to foster natural forests, thereby enhancing their abilities to control flood and prevent global warming. We will reduce or eliminate misguided public works projects harmful to the environment, many of which have been carried out under the disguise of soil and flood control

projects. Instead, we will promote sustainable projects designed to preserve the environment and green spaces (called “green dam projects”), whereby we will generate 120,000 new jobs.

We will maintain and expand man-made forests by systematically implementing adequate maintenance measures such as periodic thinning of trees, whereby we aim to reforest 10 million hectares of land over 10 years. Upon taking office, we will draw up an annual plan and formulate budgets totalling approximately ¥100 billion in the first fiscal year, which will be raised to ¥250 billion in the fourth year. We will also seek to increase the use of domestic lumber by promoting the Forest Certification System, mandating the use of domestically grown lumber in constructing public buildings and facilities to a certain degree, and promoting woody biomass.

Ancillary to the measures discussed above, we will actively promote projects to return rivers to their natural state.

## **11 Environment and Energy**

### **11-1 Vigorously promote measures to combat global warming**

To prevent global warming, Japan must implement additional domestic measures to reduce greenhouse gases. However, the Kyoto Protocol, which sets out binding targets for cutting greenhouse gas emissions, is but a first step toward achieving our “ultimate goals.” First, we will set long-term targets for reducing greenhouse gas emissions in Japan. Then, we will introduce economic measures, such as a global warming tax, to curb energy demand, to promote energy conservation, to increase the use of renewable energies, and to promote Freon recovery. Actively promoting environmental dialogues with other countries, we will seek to implement truly effective measures to halt global warming, such as introducing a domestic mechanism for emissions trading. Furthermore, we will strive to forge ahead with environmental diplomacy so that Japan can play a leading role in working out a post-Kyoto Protocol international regime.

#### **11-2 Introduce a “global warming tax”**

It is necessary to internalise the effects (external costs) that economic activities have on the environment and to have them incorporated in the market pricing mechanism. Particularly, in view of the fact that achieving the goals of the Kyoto Protocol now appears to be extremely difficult, it is a matter of pressing urgency for Japan to introduce effective economic measures in addition to the existing set of government measures. We seek to introduce a new “global warming tax” that is

conducive to curbing the use of fossil fuels and/or improving the efficiency of their use, to promoting technologies for energy conservation and new energy, and to increasing environment-related investment.

Focusing on emissions of carbon dioxide (carbon content), we will impose a tax of ¥3,000 per ton on carbon content. With respect to electricity, we will impose a carbon/energy tax, which will be created by partially recomposing the existing power resources development tax. This tax, however, will not apply to certain raw materials that cannot be substituted, such as charcoal and naphtha. For industries taking effective measures to restrict greenhouse gas emissions, we will establish a tax reduction or refund scheme, thereby maintaining and reinforcing the international competitiveness of Japanese companies. We will also implement certain taxation measures vis-à-vis imported coals. In distributing funds collected from all these taxes, priority will be given to the development of energy conservation and new energy technologies as well as to capital investment and promotion initiatives for such technologies. Through all these measures, we will create a sustainable society where both the environment and job opportunities are preserved, as befits a country founded on environmental technology. We will also examine the petroleum and coal taxation systems to establish how these systems are functioning at present and how they should be in the future.

### **11-3 Double the budget for new energies, and promote and expand the use of low-pollution vehicles**

We will systematically expand the new energy budget so as to foster the development of such renewable energies as wind power, solar power, biomass, and wave and tidal power, and to promote the development and use of fuel cells and other forms of promising future energies. We aim to double the budget from approximately ¥170 billion per year at present to ¥300 billion per year during our time in office. We will promote more widespread use of low-pollution cars by focusing assistance on electric cars, the use of which is already spreading, and fuel-cell cars, which are due to be brought into full-scale practical use in the near future. The necessary budget appropriations for this will be made by such means as transfers from energy-related budgets, and from budgets for environmental countermeasures.

### **11-4 Give first priority to safety, and strengthen supervision of nuclear power administration**

We will split nuclear power administration into two organs—one for promoting nuclear power policies and another for regulating nuclear power operations—and give first priority to safety. By separating the administrative function for maintaining nuclear power safety from the Ministry of

Economy, Trade and Industry, and creating an independent regulatory body under the Cabinet Office, a rigorous and integrated checking system will be established. Toward that end, we will seek the enactment, during our term, of a Law for Establishing a Nuclear Power Safety Regulation Council, a bill for which has been drafted and submitted by the DPJ.

#### **11-5 Promote international cooperation in the areas of the environment and energy in response to high crude oil prices and the growing energy demand in China**

In consideration of the sharp rise of crude oil prices in the recent years, the growing energy demand in China and other Asian countries, and the need to address the problem of global warming, we will promote cooperation among countries in the East Asian and North Pacific region, including Japan, China, South Korea, and Russia, on issues concerning the environment and energy. In particular, we will place emphasis on: (i) research and development of new energies such as wind power, solar power, biomass, and fuel cells, and promotion of their use, (ii) development and promotion of energy conservation technologies through the business and public welfare sectors, and (iii) deepening of energy policy dialogues under both bilateral and multilateral frameworks. To China in particular, we will proactively provide support to promote the development and use of technologies for power generation using nuclear power, coal gasification, and so forth. In parallel with this, we will make efforts to bring China into international frameworks for reinforcing pollution control measures and preserving the environment. We will also strive to make the East China Sea a sea of peace, realising a joint development of natural oil and gas between the two countries based on international legal doctrine and scientific evidence.

#### **11-6 Aim to enact a Law for Resources Recycling and Waste Management**

In order to convert Japan from a society of mass-production, mass-consumption, and mass-disposal to a resource-saving, recycling-oriented society and solve the problem of illegal dumping and inadequate disposal, we must change the existing legal framework. In fiscal 2006, we will submit a bill for a Law for Resources Recycling and Waste Management that calls for (i) integrating laws and regulations concerning waste disposals and recycling, (ii) providing a clear definition for “waste” that is unaffected by whether it is with or without value, (iii) applying environmental regulations to recycling facilities, (iv) having manufacturers explicitly indicate their duty to take back their products (extended producer responsibility), and (v) introducing landfill and incineration taxes (economic measures).

## 12 Legal Affairs and Human Rights

### 12-1 Make the judicial system fairer and more accessible

(1) Prepare an environment to facilitate people's participation as *saiban-in* citizen judges

Looking ahead to the introduction of the *saiban-in* citizen judge system in 2009, we will step up the relevant public relations efforts to raise people's awareness and understanding of the system. We will also take steps to create an environment where everyone would find it easy to participate in the system, including the establishment of a citizen judge leave system and measures to address the needs of citizens judges who are caring for children or elderly relatives (Amount required: ¥500 million).

(2) Reinforce the Comprehensive Legal Assistance System to make it more accessible to citizens

Prior to the commencement of operations at the Japan Legal Support Centre in 2006, we will set up the centre's regional offices with staff lawyers so as to make legal services available to anyone at any time and any place in Japan. To realise this, we will increase financial support.

(3) Reform the criminal justice system to make it fairer and more transparent

To prevent false accusation through forced confession, we will seek the enactment of our proposed revisions to the Code of Criminal Procedure by 2009. The proposed revisions call for clarifying the investigation procedures by means of video-taping and other means (Amount required: ¥600 million), and assuring the right to have a lawyer present during questioning. We will establish a criminal trial system that ensures the disclosure of evidence.

(4) Make the administrative litigation system more accessible to citizens

Based on the viewpoint of citizens who are the users of administrative litigation, we will seek to introduce a class action lawsuit system and expand the scope of those subject to litigation. We aim to enact necessary revisions to the Administrative Case Litigation Law within three years of taking office.

(5) Expand a system for fostering legal experts

While increasing financial assistance to law schools, we will establish and operate a new judicial examination system so as to let law school students concentrate on studies which are based on the law school curriculum.

#### **12-2 Enhance assistance to crime victims**

We will seek to ensure that appropriate and sufficient assistance is provided to crime victims, expanding lifestyle support and mental care. To that end, we will ensure that the voices of crime victims and their supporters are duly reflected in the process of formulating a basic plan for criminal victims. We will also seek the enactment of a law that sets out procedures for distributing funds collected from offenders (illegal proceeds confiscated from loan sharks, penalty taxes, and so forth) to their victims.

#### **12-3 Institute a life sentence without parole, and stiffen other penalties for serious crimes**

We will institute a new “life sentence (indeterminate sentence)” without parole and review other criminal punishments. We aim to make the necessary revisions to the Criminal Code within three years of taking office.

#### **12-4 Reinforce the Domestic Violence Prevention Law**

During the 2004 regular Diet session, the Law for the Prevention of Spousal Violence and the Protection of Victims (the so-called DV Prevention Law) was amended. When the law comes up for revision in three years we will submit a bill for further amendments to address outstanding issues, whereby we will seek to introduce an offender rehabilitation programme, expand the range of relatives covered by protection orders, and prohibit threatening behaviour by means of telephone and facsimile. We will set aside annual budgets of approximately ¥2.5 billion for strengthening the self-help structure, in particular financial support for private shelters.

#### **12-5 Enact laws for prevention of the abuse of elderly and disabled persons**

To eradicate the tragic incidents that have occurred in both households and nursing homes and to create an environment where everyone can live without fear of abuse, we will enact a Law for the Prevention of Abuse of the Elderly and a Law for the Prevention of Abuse of the Challenged. We will seek the enactment of these laws upon taking office and set up consultation counters in cities, towns, and villages. We will implement comprehensive measures, which include establishing a set of

procedures for reporting, confirming, and conducting on-site investigations; ensuring the availability of short-stay facilities for those requiring urgent protection; and offering support to those protecting victims.

We will take measures to respond to the infringement of elderly people's property rights as exemplified by home improvement scams targeted at elderly home owners, such as by introducing consultation centres and other relevant agencies to the victims of such scams.

We will also seek the prompt enactment of a law for the prevention of abuse of disabled persons.

#### **12-6 Foster greater use of subtitles on television broadcasts**

To enable people with hearing impairments to enjoy television broadcasts and obtain information from them, we will ensure that by fiscal 2009 subtitles are used in all television programmes for which that is technically possible. We will implement support measures to provide some ¥10 billion of assistance to the broadcasting companies and manufacturers that carry out the subtitling.

#### **12-7 Enact legislation to eradicate discrimination**

In order to eradicate the various forms of discrimination that still persist, we aim to enact a series of legislations, including a Law for Prohibiting Discrimination against the Challenged, which guarantees "complete participation and equality" to all disabled people and prohibits specific types of discrimination, and a Law for Prohibiting Age Discrimination, which prohibits job discrimination on the ground of age.

We will also enact a Law for the Remedy of Human Rights Violations, which calls for establishing a human right committee that is independent from the Ministry of Justice.

#### **12-8 Actively promote the use of the adult guardianship system**

The existing adult guardianship system is rarely used, although our society has many elderly people suffering from dementia who lack decision-making ability, persons with intellectual disabilities, and person with mental disabilities. We will promote appropriate use and operation of the adult guardianship system to ensure that choices affecting the lives of these people, such as what sort of welfare services they wish to receive and how they wish to use their money, can be made in ways that accord with their wishes.



### **12-9 Institutionalise an individual reporting system to international bodies to ensure remedies for human rights violations**

To broaden opportunities for remedying human rights violations, a system for enabling individuals to seek remedy by directly filing a request with international bodies (individual reporting system) needs to be established. Upon taking office, we will move rapidly to ratify the International Covenant on the Elimination of All Forms of Discrimination against Women and the International Covenant on Civil and Political Rights.

## **13 Safety and Security of Life**

### **13-1 Establish health measures and compensation system for damages caused by asbestos**

(1) Minimise health damages caused by asbestos

We will ensure full disclosure of information concerning asbestos-related diseases, make a complete count of the cases of malignant mesothelioma, and establish a registration system for the cases of malignant mesothelioma, thereby promoting high-quality diagnosis, treatment, and research on asbestos-caused diseases. We will conduct an urgent survey concerning the possible impact on families of asbestos victims as well as on residents living near facilities where asbestos have been found. By drafting and passing special legislation, we will establish a relief system for those affected by asbestos. We will promptly enact revisions to the relevant law so that a request for workers' compensation benefits provision can be filed, even after the lapse of statute of limitation, provided that occupational injuries have been caused by asbestos. We will improve the health management notebook system and establish a health management system that includes regular health checks for retirees.

(2) Mandate the use of a certain asbestos disposal method that can assure people of safety in their daily lives

We will immediately ban the use and sale of asbestos. We will conduct a nationwide survey and disclose information on asbestos-containing products and facilities (including schools and public facilities). For products containing asbestos, we will make it mandatory to indicate the degree of asbestos content to prevent the dispersion of asbestos. At the same time, we will thoroughly examine the past laws, regulations, and circulars to determine administrative responsibility. We will establish a set of procedures to follow in demolition and disposal work and take steps to ensure the proper

implementation of the procedures so as to prevent workers' exposure to asbestos while at work. We will quickly conduct a survey of the disposal method for asbestos-containing wastes and strengthen regulations in accordance with the result. We will establish a fund to secure financial resources necessary for providing compensation for victims, conducting health checks, preventing dispersal of asbestos, and dismantling and disposal of asbestos-containing substances.

### **13-2 Dispel consumers' concerns over food safety**

Concerns over food safety have been compounded by the outbreak of infectious diseases such as bovine spongiform encephalopathy (BSE or mad cow disease) and avian flu as well as by the problems of residual pesticides and false labelling. To dispel consumers' concerns and ensure the safety and security of food, we will integrate the nation's food safety administration, which is currently encompassing the Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Health, Labour and Welfare. We will take a series of concrete steps to ensure the safety and security of food. Such measures include: promoting local production for local consumption and seasonal consumption of food in season; introducing a labelling rule for processed food to identify the place of origin of every ingredient; strengthening quarantine systems for imported food; and appointing international food inspection officers who are tasked to carry out inspection from the standpoint of an importing country, in major food exporting countries.

### **13-3 Protect depositors from damages caused by illicit withdrawals using forged or stolen cards and bank books**

There have been a growing number of incidents of illicit withdrawals using forged or stolen cards and bank books, which is partly because advanced technology has made the forgery of cards and seal impressions far easier than it used to be. At present, depositors are forced to take all the losses incurred by such illicit withdrawals. Upon taking office, we will seek to enact a law to protect depositors from damages caused by illicit withdrawals, not only those involving forged or stolen cards but also those using stolen bank books.

### **13-4 Establish a housing reconstruction assistance system for victims of natural disasters**

Our country is prone to various natural disasters, including earthquakes, typhoons, torrential rains, and volcanic eruptions, and every year we witness people suffering from the tremendous damage caused by such disasters. For those who have lost their homes in natural disasters, housing reconstruction is essential to getting back on their feet. We will revise the existing law governing

reconstruction assistance for victims of natural disasters and ensure that assistance is available for the reconstruction of residential housing.

The risks of major earthquakes have been pointed out with respect to various parts of the country and there is a pressing need to implement appropriate measures. Particularly, urban areas are dotted with a number of crowded blocks of wooden dwellings and, if hit by a major earthquake, the scale of damage caused by collapses and fires would be enormous. To reduce such damage as much as possible, we will double the budget providing subsidies for earthquake retrofits for homes that do not meet earthquake-resistant standards.

### **13-5 Revise the Wire-Tapping Law, the Basic Residential Register Network System Law, and the Law concerning the Protection of Personal Information**

Immediately after taking power we will freeze the Wire-Tapping Law and submit a bill to the Diet for the radical revision of the law within two years. We will also immediately embark upon reviewing the provisions on the Basic Residential Register Network System in the Basic Resident Register Law and the Law concerning the Protection of Personal Information and submit bills to the Diet to radically revise these laws.

### **13-6 Restrict the mass viewing of basic resident registers**

Personal data (name, address, birth date, and gender) is available for mass-viewing at local government offices. There have been cases where this data has been used without permission for mass mailing, or used for criminal purposes. To change the situation, we will enact a law that would restrict the mass-viewing of basic resident registers. Apart from the state and local authorities, only those who are specifically acknowledged as needing such information for public benefits would be allowed to browse registers under the new law.

### **13-7 Bring back a police administration we can trust**

Trust in the police is continuing to fall as a series of internal leaks deepens suspicion over false accounting practices, where funds meant for investigations were habitually diverted for personal use by senior officers over long periods. We will use political leadership to thoroughly investigate the problem. Then, based on the findings, we will reset or consolidate dubious accounts such as those named *hosho-hi* (compensatory expenses) and *sosa-hi* (investigative expenses). At the same time, we will reform the entire accounting system and make it more user-friendly for police officers on the

beat.

At present, police officers are undertaking clerical work for public safety commissions, which are responsible for supervising the police. To correct this problem and ensure the segregation of duties, we will submit revisions to the Police Law, and set up an independent secretariat for national and local public safety commissions (Amount required: ¥4.8 billion). Also, we will seek to realise a police administration that is more transparent and reflects citizens' voices more closely. To achieve this end and to ensure a "safety secured for the people by the people," not a "public order maintained for the state by the state," we will strengthen the supervising function of governments and prefectural assemblies and introduce a much broader complaints system.

### **13-8 Push up the declining arrest ratio by increasing the number of police officers by 30,000**

To restore the falling arrest ratio, we will increase the number of police officers in the regions by at least 30,000 over four years, expand police capabilities for "community policing, criminal investigation, and community safety," strengthen the system for crime-prevention patrols, and put officers back into empty police boxes. Over a four-year period we will increase the number of officers by 7,000 annually, and secure a budget of around ¥70 billion per year, therefore requiring a budget of ¥300 billion after four years. Also, to make use of the crime prevention potential in local communities, we will offer financial support for the setting up of crime-prevention volunteer groups initiated by residents' and neighbourhood associations.

### **13-9 Step up efforts to cope with the growing number of drug abuse incidents**

To prevent drug abuse among increasingly younger people, we will provide educational and enlightenment programmes for junior high and high school students, inviting former drug dependents to speak their experience of freeing themselves from dependence to enable students to realise the true horror of drug dependency. We will establish a system for providing treatment to drug dependents and addicts and help them get back on their feet, while offering a consultation and support system for their families. Furthermore, we will step up government-wide efforts to implement stricter drug control and to eliminate sources of drug supplies.

### **13-10 Implement comprehensive suicide prevention initiatives**

The number of people who commit suicide has remained above 30,000 per year for seven years in a row. However, suicides are a social problem that can often be prevented. During the last session of

the Diet, a committee resolution was adopted under the leadership of the DPJ to urge the government to promote a comprehensive suicide prevention initiative. The DPJ will seek to enact by the end of fiscal 2006 a Comprehensive Suicide Prevention Law that calls for establishing a “comprehensive suicide prevention centre” (tentative name) and providing support to families of those who committed suicide and to survivors of suicide attempts, thereby promoting a complete package of suicide prevention measures.

### **13-11 Establish a consumer group litigation system**

As the representative of citizens, taxpayers, and consumers, the DPJ will implement policies formulated from the point of view of citizens and consumers. To protect consumer interests, we will submit to the Diet a bill for instituting a consumer group litigation system so as to allow consumer groups to initiate lawsuits for the benefit of consumers.

### **13-12 Protect citizens’ lives and property by revising the Law for Protecting Public Interest Whistle-blowers and through the enactment of a Public Interest Disclosure Law and a Risk Information Disclosure Law**

We will revise the Law for Protecting Public Interest Whistle-blowers and ensure that subcontractors and others who report information that is in the public interest do not suffer from any disadvantageous treatment. At the same time, we will seek to enact a Public Interest Disclosure Law for civil servants as well as a Risk Information Disclosure Law requiring business operators to provide risk information and report to government agencies. These three pieces of legislation will together protect the lives and property of consumers and citizens.

### **13-13 Shift to creating an attractive and lifestyle-friendly urban environment**

Amid the rapid progress of urbanisation, unneeded and non-urgent infrastructure developments and unattractive buildings have been constructed, particularly in the suburbs of major cities, leading to the creation of a low-quality urban environment. Meanwhile, in small and medium-sized local cities that have been left behind by the wave of development, desolation and decline have grown. In areas where pressure for urbanisation was particularly strong and land prices were soaring, the appearance of streets was ruined as a result of the unsystematic use of land and building construction that took advantage of lax regulations regarding floor-area-ratios and building heights. In the United States and Europe, the principle of “no use of land or buildings without planning” has been established and the attractive appearance of streets has been preserved. We will overhaul the existing system of laws

and regulations concerning town planning and development to restore and preserve vibrant towns and communities. Specific measures include: (i) making the Building Standard Law specialise in unit regulations, (ii) radically reforming the City Planning Law into a Town Development Law that is applicable to all regions, and (iii) establishing a Basic Law for Cityscape and Town Development that clearly stipulates the basic principle of promoting the self-sustainability, restoration, and enhancement of local communities.

To this date, the Japanese government has continued to destroy our country's beautiful natural scenery in the name of "the balanced development of national land," covering the land with concrete and turning the whole of Japan into the same monotonous landscape. We will thoroughly review all of 120 laws that have been instrumental to promoting the Plan for Rebuilding the Archipelago, including the Industrial Relocation Promotion Law.

## **14 Political Reform and Administrative Reform**

### **14-1 Eradicate dishonesty by politicians and cut the number of Diet members**

Reform begins with reform of the political system itself. We will earnestly promote such change, adopting exacting standards for ourselves and making information openly available to the public to create a brand of politics that is fair, transparent, and trusted.

#### **(1) Prohibit diverting of donations and make political donations more transparent**

- We will prohibit the practice of diverting political donations, in which contributions earmarked for a specific lawmaker are made to his or her political party or fundraising body. This scheme is typically used to hide collusions between politicians and industrial organisations so as to circumvent laws.
- We will expand the scope of those subject to penalties under the Law for Punishing Influence-peddling to cover family relatives of lawmakers and the secretaries of mayors.
- We will totally ban all political donations by companies receiving orders for public works.
- We will broaden the disclosure criteria for donations by companies and organisations, currently limited to donations amounting to ¥50,000 or more over a one-year period, to ensure full disclosure of all amounts. We will also make it obligatory for all political parties and political

fund-raising groups to adopt the system already implemented by the DPJ of disclosing documents such as income and expenditure reports on the Internet and introducing external auditing.

(2) Correct disparities in the value of a vote, and reduce the number of House of Representatives and House of Councillors seats by 10 % or more respectively

We will seek to correct the disparity in the value of a vote by abolishing the “base number” allocation system under which one seat is allocated to each prefecture. We will also seek to reduce the number of proportional-representation seats in the House of Representatives to 80.

We will pursue the enactment of a bill to revise the Diet Law so as to freeze the salaries and other payments to Diet members in police custody, and to terminate the payment if they are judged by the courts to have committed criminal acts.

We will reconsider the nature of the House of Representatives and the House of Councillors and push ahead with electoral system reform appropriate to their respective roles.

(3) Lower both the age of majority and voting age to 18

We will lower the legal age of majority and the voting age to 18 in order to develop the sense of responsibility among the younger generation as full-fledged members of society, and to ensure their active participation in society.

(4) Make manifestos readily available to everyone, everywhere, and lift the ban on election campaign activities on the Internet

To achieve election campaigns contested on the basis of policies and choice between parties, we will do everything we can to eliminate restrictions on distribution of manifestos. We will also lift the ban on local manifestos.

While promoting deregulation of electoral campaigning to remove the prohibitions on Internet campaigning using websites, e-mail, mobile phones and blogs, we will also push forward a reform of the conventional-style campaigns, such as lifting prohibitions on door-to-door campaigning that enables direct discussion with voters. Furthermore, we will create an environment where the challenged can easily participate in elections through such measures as Braille and sign-language

versions of policy information, and promote the introduction of electronic voting for national elections.

#### **14-2 Prohibit golden parachutes for civil servants, and reduce civil service personnel costs**

(1) Prohibit the granting of golden parachutes to retiring senior officials of government agencies and government-affiliated special corporations

In order to prohibit senior officials of special corporations, including highway-related public corporations, from retiring into related private-sector jobs, we will submit and seek prompt enactment of a bill that calls for restricting golden parachutes for officials of highway-related public corporations and other similar entities. We will also implement stricter restrictions on civil servants employed by central government. Specifically, for five years after retiring, such officials would not be allowed to obtain a job at private-sector companies, special corporations, and incorporated administrative agencies (except for faculty posts at universities) that are closely related to the tasks they were responsible for during the last five years before retiring.

The existing regulations allow central government officials to take a private-sector post immediately after retiring, provided that they obtain approval from the National Personnel Authority (NPA) and the relevant ministry. To ensure the strict application of the restrictions, we will close this loophole by reviewing the approval system of the NPA and each government agency.

(2) Guarantee basic labour rights to civil servants

During our term in office, we will guarantee basic labour rights to regular civil servants in accordance with the recommendations of the International Labour Organisation. At the same time, we will review the function of the NPA, establish a fair personnel evaluation system, and implement stricter labour management. A state minister will be appointed to take charge of labour-management issues, and negotiations of wages and other matters will be duly carried out under the responsibility of the Cabinet. This will enable us to create a system for ensuring proper personnel evaluation, thereby providing civil servants with greater incentive to work. At the same time, however, those with poor work performance would be subjected to dismissal, pay cuts, and so forth.

(3) Reduce total personnel expenses

Both the central and local governments must pursue greater efficiency and functionality. We will



promote decentralisation, review the role of the public sector through such means as “daily-life convenience improvement testing” (see 9-1 [8]), abolish various allowances for which public understanding cannot be obtained, reduce the number of civil servants in accordance with personnel plans, and review the level of wages. By sequentially implementing these measures, we will reduce the total personnel expenses for civil servants employed by central government by 20% in three years.

(4) Establish an Administrative Oversight Office (the Japanese equivalent of the General Accounting Office of the US) for thorough monitoring and supervision

The extent to which the administration can examine its own wasteful expenditure and deregulate is limited. The Cabinet, for its part, will institute an “Administrative Renovation Council” to carry out intensive checks on wasteful expenditures and abusive practices. During the period through fiscal 2007, we will seek to enhance the watchdog function of the Board of Audit of Japan, for instance, by expanding the scope of administrative bodies subject to selective, discretionary audits. Also, while we are in office, we will establish an Administrative Oversight Office (the Japanese equivalent of the General Accounting Office of the US) within the Diet, which will be commissioned to supervise administration and conduct policy evaluation from the standpoint of voters.