

Liberal Democratic Party Policy Plan

J-File 2010

(Manifesto)

Page 1

Gratitude, reflection, responsible policy!

For more than half a century the Liberal Democratic Party has been walking alongside you. We want to express our gratitude for your support during this time.

However, after sitting cross-legged on the seat of political power, we could not achieve enough support because we were too arrogant, and therefore lost the general election last year. Now, we frankly reflect on this and start anew to restore confidence.

We have always aimed for “the best”. We have become the world’s “best” in some areas like manufacturing, security, educational standards or life expectancy. But now, facing new challenges such as economic globalization, a declining birthrate and an aging population, many of us are confused and lost confidence.

Our party wants to make Japan “the best” again. With our past experiences and reflections, we aim to create a country full of pride and confidence by executing responsible policies, boosting the economy, creating more employment and raising living standards.

Gratitude, reflection, responsible policy.

To regain a healthy and Japanese Japan, we should protect it and reform it with courage.

Now we have to be even better!

We have to make Japan even better!

We call for this with full power.

President of the Liberal Democratic Party

Tanigaki Sadakazu

Page 2

J-File 2010 – Table of contents

- I. Establishing an independent constitution suitable for a new era**
- II. Growth strategy to open up Japan’s future – Expanding both domestic and foreign demand**
 - Getting rid of deflation and tax reduction for corporations
 - A new field – centralized investment in new frontier science
- III. Following the principle that “permanent political measures create permanent financial resources”, we will establish discipline in public financing**

Early establishment of the “public fiscal responsibility act”

Drastic reform of the tax system to make the elusion from consumption taxes impossible

IV. Realizing a society in which hard working people are rewarded

From pork-barrel to child bearing aid service

Pension, medical care and nursing care that enables peace of mind

V. Creating jobs, supporting communities, protecting safe and secured living – “salary from work”

Agricultural small businesses in forestry and fishery with dreams, hope and pride

Strengthening international competitiveness and revitalizing our region by future investmenst

Introduction of the *Doshu* system: realizing distinctive regional policies by the transfer of authority and the enhancement of financial resources

VI. Protecting the green planet and rich nature

Leading international negotiations with new proposals

Creating a society spending less CO²

Recovering rich nature and securing biodiversity

VII. Rebuilding diplomacy and building world peace

Recovery of trust between Japan and the USA

Solving territorial disputes

Establishing a general law to enable quick dispatch of the Self-Defense-Forces

VIII. Creating the world’s leading “educational nation Japan”

The world’s top level academic ability and normative awareness

Educational regeneration to not give rise to students wo cannot keep up

Realizing the dreams of our children with “scholarships based on performance”

IX. Regaining confidence in politics and administration

Significant reduction of the number of Diet members in parliament

Eradication of retiring high-ranking government officials who take jobs in a (semi-) private corporation and exterminating further squandering

IT transfer of capital

X. Protecting the shape of our country

Against the special married couples name measure and foreign residents’ right to vote

Establishing an independent constitution suitable for a new era

We aim to establish a new constitution that can contribute to the world and reveal Japan's appearance as Japanese

1. Start of the Constitutional Review Board

The Constitutional Review Board was established by the House of Representatives during the revision of the "National Referendum Act"¹ and should work on constitutional amendments in a preparatory period of three years until its comprehensive enforcement in May this year. However, the "Constitutional Review Board" is currently not active due to opposition in the House of Representatives from the Democratic Party and others. We urgently call to end these illegal actions and will start the "Constitutional Review Board" in the House of Representatives to discuss our constitution.

2. Submission of the "Constitutional Amendment Draft" to the Diet

Along with the enforcement of the "National Referendum Act", the "Constitutional Amendment Draft" was submitted to the House of Representatives. While also gaining the understanding and support of the Japanese people, our party aims to steadily revising the constitution and submitting the "Constitutional Amendment Draft" to the Diet.

< Outline of the "New Constitution Draft" >

Preamble

Maintaining the symbolic emperor system / inheriting the three principles of national sovereignty, respect for basic human rights and pacifism / international cooperation and the "responsibility of the people to support and protect our nation and society" / preserving the global environment

Security

While maintaining Article 9, Paragraph 1 which prohibits war and the use of force, we aim to revise the second paragraph which prescribes non-retention of war potential so that the Self-Defense Forces can be stipulated under the highest command of the Prime Minister. At the same time, the Self-Defense Forces will furthermore play a crucial role in international missions and disaster relief.

Citizens' Rights and Obligations

In addition to newly added rights like "environmental rights", "rights of victims of crime", etc., we have included the principle that "freedom and rights are accompanied by responsibility and obligation".

Providing Fiscal Consolidation

In the light of extremely severe fiscal circumstances in the present and future of our country, we declare the obligation to consider financial vitality of our nation as a fundamental principle of fiscal policy.

¹ Referendum Law Act proceeding the revision of the Constitution of Japan (Act No. 51 in 2007). In accordance with Article 96 of the Constitution, this law regulates a referendum necessary to amend the Constitution.

Local government autonomy

The clarification of the definition of the main tasks of local governments, mutual cooperation between national and local government, national financial measures, etc. are set forth as amendments.

Constitutional Amendment Procedure

Regarding the revision of the constitution, we have loosened the requirements for the Diet to initiate a revision (currently, at least a two-third majority of the total members of both houses is needed) and we will expand this path of revision.

Page 4

Growth strategy to open up Japan's future – Expanding both domestic and foreign demand

In the past three years, we mobilized a lot of monetary policies, tax and fiscal policies, growth strategies, etc. By promoting deflation and economic recovery in an early stage, we aim to achieve a nominal economic growth of 4%. We will create new jobs and realize a society enabling everyone to find employment.

3. Current economic and fiscal management

Due to an accelerated deflation² posing an urgent issue, further monetary easing such as setting a price target (for example 1,5% plus or 1.0% minus) are necessary while at the same time keeping the international coordination of macro policies centered on Japan, the US and Europe (Plaza Accord of Heisei) in mind. For this goal, we will mobilize all policies including taxation, fiscal policy, growth strategy to close the GDP gap³.

4. Improving the corporate environment by a drastic reduction of the corporate tax rate to expand employment

In order for companies to be globally competitive, equal footing in international economy is necessary. Furthermore, it is not only vital for Japanese companies to operate abroad but also to enable overseas companies to enter and operate in Japan. To achieve this, and keeping in mind corporate taxation, securing international consistency and strengthening international competitiveness is essential while also paying attention to the substantial burdens of companies like social insurance and increasing taxes. To alleviate those burdens, we will deductively reduce those taxes to 20%. We will consider further lowering the corporate taxes for small and medium-sized enterprises.

5. Incentives for corporate enterprise taxation

In order to encourage the relocation of corporate headquarters, factories, data centers, etc. to provinces, corporate enterprises will get beneficial treatment based on incentives like job creation, a higher investment scale, etc. In addition to this, we will carry out the reduction of other taxes like

² Deflation is an economic phenomenon in which prices continue to decline.

³ The GDP gap describes a disproportion between the supply capacity of the economic output and the real demand.

local or property taxes.

6. Creating “national wealth” by an intellectual property strategy

“Intellectual property” is a scarce resource to build “national wealth” for Japan. It is essential for a sustainable economy to protect this “property” which was produced with huge expenses and over a long time and to use it to create more “national wealth”. For this reason, we will promote “accelerating the examination” by which research and developmental achievements are promptly protected as intellectual property. In particular, we will promote a system that allows an early examination in other countries.

On the other hand, it is not in our national interest if the state-of-the-art technology developed in Japan is leaked without being protected beforehand as intellectual property. The system to prevent technological leakage must be further strengthened.

7. Acquisition of strategic international standards

In order for our domestic industry to be able to fight advantageously on the international market, it is important to acquire “international standards” for industrial products and we must collect accurate information on “what kind of standard” is demanded for “what kind of industrial products”. Therefore, the government takes the initiative to strive to gather such information and, at the same time, communicate that information to businesses. Also, we will establish a system where the government and industry will form a tag team and proactively engage in the acquisition of international standards. In particular, since the technological advancement in Asia has remarkably grown, we want to include Asian standards into the “strategic standard acquisition” alongside international standards.

8. Continuous regulatory reform and the creation of the “Global Top Special Economic Zone”

While balancing the consumer administration, we constantly review various ways of regulation, update potential demand and support developing economic activities. Regarding the establishment of new regulations under a new legislation, we will continue to conduct thorough preliminary reviews to ensure the safety and security of citizens as well as preventing free and vigorous economic activities from hampering this. Regarding the current restrictions of various businesses, we will implement a “policy of inventory count” as a business sorting method with which we can review and restrict regulations that impede growth immediately.

Additionally, we will create a “Global Top Special Economic Zone” including fiscal measures to enable medical research, sustainable cities⁴, international content industry sites and encourage local governments to attract domestic and foreign companies and research facilities.

⁴ Sustainable cities are cities that allow you to live comfortable while protecting the environment and vitality of the economy.

9. Creation and innovation of venture business etc. – support for means to survive

Innovation is the biggest driving force to strengthen the industry. Since we perceive existing enterprises and venture businesses as two wheels for innovation and they can be Japan's strong point, including the angel tax system⁵, we will assertively support them. Universities and other institutions that create ventures are strictly selected and a support system will be developed for those, so that strong ventures with strong technical and managerial foundations can be founded. We will aim for an effective management and utilization. In this process to reorganize the business of venture companies, we will also select outstanding and promising developmental producer-driven solutions and also secure "eye-catching talented personnel".

10. Securing "money" and "personnel" to become the "world's leading science and technology nation"

By securing sufficient scientific and technological budget and "selecting" the most talented personnel in "this field", we aim to become the "world's leading" nation in this field. In addition, we will also develop a "donation environment" (tax system etc.) that makes it easier to gather "money" for research and development. To get the necessary personnel which is important for the future of R&D, it is crucial to enhance "science education" from primary education onwards and to strengthen the training of "advanced research and development personnel" at universities and graduate schools through reforms. Additionally, to nurture innovation and economic vitality, we introduced the "point-based system of immigration control" (a system giving the status of residence preferable to foreigners based on their academic qualification, employment history, knowledge of languages, etc.) to expand the acceptance of foreign nationals with advanced professional abilities.

11. Creating personnel in charge for future growth

Based on the premise of practicing education to cultivate a rich human nature and correct ethics, we promote an educational system that enables people to be active in many fields and flexibly deal with multi-track education, including venture business, etc. We will develop a social system that nurtures professional human resources which can be a strong force for future growth. For this purpose, we will drastically strengthen English education in Japan by doubling the number of teachers whose native language is English in three years and place them at elementary, middle and high schools alike within 10 years. The "Super JET 50.000 people plan" will be steadily implemented by this.

12. Improvement of forward-looking productivity

A major means of economic growth is that companies actively engage in domestic and international activities to acquire "wealth" and that the Japanese citizens benefit from this. And the source of economic growth aside from creating new demands is "dedication to creativity" and the improvement of productivity. To improve the productivity, an increase in the per capita GDP is only a shortcut, but the restructuring of the labor market and the ending of irregular employment will only

⁵ The angel taxation system gives incentives to individual investors who invested in venture companies and therefore promotes investment in venture companies in general.

recover productivity in retrospective. To achieve a forward-looking recovery in productivity, we will promote economic expansion, economic integration and innovation as well as pursue efficiency.

13. Converting the whole society by ICT

Through ICT, citizens' life has dramatically improved in various fields such as business efficiency and services. Since the global industry will change in the future, we will further advance ICT in the industrial sector as well as convert "the whole society by ICT" so that national and regional enterprises and individuals can benefit from ICT. We will strongly promote the use of ICT to improve, for example, the convenience of people's lives, reduce environmental pollution, and will promote the introduction of smart grid⁶ which can lead to the improvement of power supply efficiency, ITS facilitation of traffic or the realization of e-government. Since financial investment in data centers, information services and the content industry doubles the production ripple effect and increases the inducement of employment, we will actively increase investment opportunities in these fields.

14. Supporting the growth and international development of ICT industry

It is essential to strengthen the international competitiveness of our ICT industry as the foundation of all socioeconomic activities in order to improve the productivity of Japanese corporate activities including local industries. We will focus on new technologies and fields like cloud computing⁷ and international development and will provide support for priority digital technologies such as terrestrial digital broadcasting. Furthermore, we will withdraw Japanese corporations from "Galapagos"⁸ and focus on expensing and strengthening standardization as well as talent. We will strengthen the competitiveness of the ICT industry through training, venture support, etc. We will double the market size of the ICT industry by about 100 trillion yen.

15. Strengthening the foundation for necessary industrial competitiveness

While the world economy is heading toward multipolarization from the former concentration on the United States, in Japan numerous players still compete for domestic consumption. Therefore, in the process of strengthening our companies by expanding the scale of their enterprise, we will speed up the current business fusion review process and ensure its transparency and predictability.

Page 6

16. Establishment of a Japanese version of an "International Competitiveness Council"

Industry, academia and government jointly work together to promptly conduct legislation towards the establishment of the Japanese version of an "International Competitiveness Council" (provisional name) modeled on the "National Council of Competitiveness". We will establish a system to conduct ongoing review and proposal.

⁶ See page 28.

⁷ See page 41.

⁸ Compared to the global developments, Galapagos describes a phenomenon where technologies and services evolve domestically and do not reach the world standard.

17. Implementing a targeting policy to gather citizens' concentrated wisdom

In order to achieve economic growth, thorough regulatory reform will be carried out so as not to impede the increase of vitality of the “citizen” and the state will implement a “growth strategy” for companies. To do this, politics have to take a comprehensive approach by a targeting policy⁹ that combines citizens' wisdom and selected industrial fields and builds a system that can fully support the public and private sector. Japan will benefit from its industry and technologies which form its backbone, for example fields like future infrastructure (“infrastructure development for fuel cells, electric vehicles, promotion of renewable energy, etc.”) or health and medicine (“regenerative medicine, etc.”). Therefore, we will select ten fields to concentrate investment on.

18. Enhancement and reinforcement of the examination system for pharmaceuticals and medical equipment

We will implement reforms to speed up regulatory approval for research and development on innovative medicines and medical devices in Japan such as medical care, nursing care, robots, etc. and parallelly eliminate the drug lag¹⁰ and device lag¹¹. We will enhance and strengthen the screening system for pharmaceuticals and medical devices by establishing for example an early clinical trial (POC).

We will also clarify the liability of insurers to treatments with advanced medical care, evaluate appropriate medical insurance covering innovative pharmaceuticals and medical equipment and improve the education of personnel in the field of drug development. We will promote the joint international trial¹² and promote the Japanese version of the FDA (US Food and Drug Administration) concept to adapt clinical trials and the approval of pharmaceutical products to international standards.

19. Construction of a national system for nuclear power

For Japan, an advanced infrastructure is vital. Therefore, we strongly support international development of industries, service industries and content industries working on environmental energy technology like a new generation of nuclear power, railway technology like the Shinkansen, membrane technology for water supply and sanitation, leakage countermeasures, regenerative water utilization technology, electricity and gas lifeline systems, etc. In order to be competitive, we want to prevent “bidding losses”. For this reason, the Japanese Bank for International Cooperation (JBIC), an international division of the Development Bank of Japan, will strengthen its financial policy so that it can demonstrate its functions of securing resources, energy, international competitiveness, etc.

⁹ A targeting policy is one of the industrial policies with which the government strategically fosters specific industrial fields. In Japan, this means training of semiconductors as representatives of advanced industries and nurturing automation.

¹⁰ Drug lag is the time difference until the administration of a newly developed drug to a patient or until domestic approval of a new drug overseas.

¹¹ Device lag is the time difference until a new model of medical equipment can be introduced to the Japanese market.

¹² A clinical trial is conducted to approve the manufacturing and selling of investigational drugs or medical devices.

in addition to protecting the global environment. We actively support international cooperation by developed and developing countries on technology, know-how and product development.

20. Promotion of EPA and FTA

While the Japanese economy is said to be dependent on foreign demand, the ratio of exports of the GDP is only about 10%. In order to achieve strong economic growth driven by domestic and foreign demand, it is necessary to establish a multilateral free trade system where our national interest is still the top priority while incorporating the vitality of other countries into our own growth. To achieve this, Japan will demonstrate international leadership and partake in the negotiations of the WTO Doha Round¹³. Additionally, we will strategically select priority countries for negotiations on economic partnership agreements (EPA) and free trade agreements (FTA). With trade competition globally intensifying, we will build mutual cooperative relations based on the needs of foreign countries, including developing and emerging countries, in order for Japan's trade to stay on a stable level.

21. Securing rare metal and rare earth

Rare metals¹⁴ are only produced in a limited number of areas and all countries race to secure those. Japan will therefore proceed with the "expansion of the diplomatic relations to countries of origin (joint resource exploitation, technical support, etc.)" to strategically secure important rare metals without delaying the worldwide flow. At the same time, we will establish a system to efficiently collect low-cost rare metals (so-called urban mines) that have been neglected in Japan up until now. Also, there are reports that there are many rare earths¹⁵ such as cobalt or natural gas like methane or hydrate buried in the natural environment at the outskirts of our country. We will develop policies aimed at obtaining more resources already existing around our country such as rare earth by, for example, improving marine exploration technology.

22. Strengthening our worldwide information dissemination capability and expanding digital content market

We let foreigners see our country's charming culture and tradition (soft power). In particular, we will support the expansion of the digital content market by promoting overseas expansion of broadcasting worldwide, promoting the distribution of e-books and electronic magazines or promoting electronic signage (digital signage) to increase the vitality of our regional social economy. We will support the construction of a profitable comprehensive system which not only involves contents like animation, manga or games, but also "event management" and "pay methods".

Page 7

23. Promotion of the G space project (geospatial information)

By promoting the development of our own satellite system for measurement of position (Quasi-

¹³ At the WTO Doha Round multilateral trade negotiations are held. At the first meeting in November 2001, it was agreed that the WTO Doha Round is held as a meeting on ministerial level in Doha, Qatar.

¹⁴ Rare metals are nonferrous metals that are distributed in industrial circles and are only used in small amounts.

¹⁵ Rare earth is a group consisting of 17 elements from scandium, yttrium, lanthanum to lutetium. Rare earth is an oxide and used for hydrogen storage alloy, secondary battery raw material, optical glass, strong rare earth magnets, phosphor or abrasive material.

Zenith Satellite¹⁶ “Michibiki” as the Japanese version of GPS) and the nationwide uniform map based on the “Basic Law on the Promotion of Geospatial Information Utilization”, the world’s most advanced geospatial system will evolve. We will realize a society where fast information¹⁷ flow can be utilized, promote a “society that protects public safety and security”, “create new industries, new services and revitalize the community” and will “improve the efficiency and sophistication of our administration”.

We also want to support developing countries by providing this system for those countries and revitalize those industries by developing such systems overseas.

24. Promotion of ocean exploration by G space

Japan is a large nation with an Exclusive Economic Zone¹⁸ which is said to be the sixth largest in the world. By sticking to the General Law of the Sea, the General Law of the Universe and the General Law on the Promotion of Geospatial Information Utilization, we will strive to find resources in shelves and deep-sea area to also secure fishery resources. Additionally, by developing a system constantly monitoring the movement of the ocean bottom plate in centimeters, we will advance earthquake prediction and tsunami prediction technology.

25. Support for existing core industries like SMEs

Since SMEs highly depend on domestic demand, a decline in domestic production sites and purchasing power of the whole country is a severe threat. It also supplements managerial resources by collaborating and organizing corporate groups as well as small and medium-sized enterprises. We will raise the conventional industry like the manufacturing and distributional industry. Additionally, we will consider making the angel tax system (venture company investment promotion tax system) easier to use, since it fundamentally strengthens companies that tackle town and village development but has not been used as intensively as possible.

26. Improving the social capital to contribute to the growth of our country

We will focus on national projects such as ports and airports to meet the Asian demand. Especially the capital area of Tokyo will be strengthened and improved by the expansion of Haneda Airport and the establishment of a linkage between Haneda and Narita Airport by Shinkansen. Our infrastructure must be prepared for natural disasters (earthquake resistance of infrastructural facilities, countermeasures for heavy rainfall). Likewise, we will consider local projects that will lead to regional revitalization. In addition to national economic rationalities, we will faithfully consider the priorities of each region (like boosting new businesses or advancing and completing already existing businesses).

¹⁶ A satellite that takes time in quasi zenith orbit by providing the proper orbital inclination angle and orbital eccentricity among the geo-synchronous orbits parallel to the quasi-zenith satellite cycle of the planet’s rotation cycle (23 hours 56 minutes to the earth) and staying longer in a specific area.

¹⁷ Geospatial information provides high precision maps, highly accurate in real time position and time information.

¹⁸ Exclusive Economic Zones are water areas with economic sovereignty based on the United Nations Convention on the Law of the Sea.

27. Utilizing the expansion of domestic demand for the future growth

Not all public service projects will can be realized, but it is necessary to create a foundation to expand the domestic demand which will accelerate future economic growth. We will implement “investment in future” as a quick response to effectively create demand as well as contributing to the creation and maintenance of employment in rural areas.

However, in order to be able to maintain and expand the utilization of highways, railroads, airports or harbors for individuals, we will reduce highway fees and airport/port usage fees as comprehensive and integral projects to increase the number of users.

28. Establishment of the number one financial and capital market in Asia

In order to make Japan the center of financial operations in Asia, we will build a vibrant financial capital market as a secure platform providing competitive conditions for companies. First of all, we will push the financial sector’s ratio of GDP to the level of 8% (currently 5,8%) comparable to the UK and foster finance as “business”.

To achieve this, we are reviewing the simple and comprehensible security taxation system to promote the flow “from savings to investment”. To activate and strengthen the asset management market we will establish the TSE “Global 30 Company” and the “Japanese Comprehensive Exchange” index. Thereby, we aim to build a government that integrates corporate and capital market legislation leading to a healthy economy and economic growth for our citizens.

29. Promoting postal privatization

Postal privatization will maintain the service level of the post office network, postal savings and insurance while it also improves the convenience of the lives of residents. For this privatization process, we will support the development of businesses that respond to various regional needs and plan the efficient and productive operation of private funds.

30. Employment measures to support individual self-help efforts

In order for the public to overcome the feeling of shiftlessness in the last years, restructuring the safety net is indispensable. But we will switch from a “passive safety network” to “active employment countermeasures” to assist self-help efforts by individuals in cooperation with local governments, companies and NGOs. Since employment opportunities in companies change dramatically, some people might lose their jobs. But we will build a “trampoline-type society” that enables us to re-employ people steadily and promptly while maintaining salary levels.

Page 8

31. Establishing an environment that facilitates employment and career change

Through the enhancement of the professional judgment system and a smooth utilization of job cards, we will use vocational training and ability development to establish a system leading to more employment. In addition, by establishing a system and mechanism for re-employment and support for career change by making use of the worker dispatch system, we support the improvement of skills, the formation of careers, recruitment and smooth shifts of human resources so that regular employment will be enlarged.

32. Enhancement of employment ability and labor laws

“Employment” is the foundation of people’s lives and the most important aspect for securing the stability of our country. But when dismissal or temporary dismissal is done, not all responsibility should be imposed on the company and it is necessary to improve the working environment via the cooperation of the government and companies. In particular, we can alleviate “dismissal regulations” and at the same time improve the environment that allows companies to conduct “flexible management” and leads to “stability of employment” through sustainable companies. For our country, we have to promote “same labor – same wage”, the “enhancement of social security” and “legal development of the labor environment”. A strong safety net based on “stable unemployment benefits” and “training programs” as well as measures against unemployment is needed.

33. Drastic reinforcement of employment measures.

In order to fundamentally strengthen employment, we began not only to relax the requirements for subsidies, but also started regional projects and an employment expansion system reform for more employment creation and work motivation. We will spend the necessary adjustment expenses for employment reinforcement such as the expansion of trial employment (employment creation subsidy) or the support for capacity development of companies. In addition, we will introduce a re-employment voucher or “vocational training support system” (provisional name) for smooth employment after vocational training.

34. Implementation of employment measures for new graduates

Amid the severe employment situation of new graduates, and in order to get 100% of new graduates to get a job, we will establish a trial employment system that grants subsidies to companies that hire new graduates.

35. Realizing a 50% increase in employees’ income over the next 10 years

In order to maintain sustainable and stable social security and create a vibrant society, we will implement all our growth strategies and achieve a 50% increase in employees’ income over the next 10 years.

Following the principle that “permanent political measures create permanent financial resources”, we will establish discipline in public financing

To take responsibility for our fiscal policy, we will implement structural fiscal reforms and will undertake a drastic reform of the tax system including raising the consumption tax rate to respond to increasing future social security expenses.

36. Fiscal restructuring for the next generation

We will stabilize the debt balance versus GDP ratio of the central and local governments from the mid-2010s until the early 2020s. Within the next 10 years, we aim to achieve the primary country /

region balance¹⁹ to surely achieve a surplus. First, we will restore the economy and aim to halve the ratio of the primary country/region balance to the GDP without waiting for 5 years. To achieve compliance with the goal to realize fiscal consolidation and implement new measures, we will secure permanent financial resources for those new measures. We will promptly establish the “fiscal consolidation liability law” to ensure responsible fiscal management for all regions.

37. Executing appropriate JGB management policy

While recognizing the importance of ensuring confidence in government bonds, we will endeavor to issue moderate government bonds that will contribute to fiscal consolidation. In addition to promoting further efforts toward stabilizing the proceeds of government bonds, we will implement appropriate government bond management policies.

Page 9

38. Drastic reform of the tax system to realize a secure society

The drastic reform of the tax system, including the consumption tax, will be carried out according to the Tax Reform Act Supplementary Law or the “Mid-Term Program” of 2009. This will realize a safe and affluent welfare society and a fair and vibrant society.

The consumption tax will cover the expenses required for raising the basic pension by half and will fully cover the expected to increase expenses for social security benefits and measures against the declining birthrate, including medical and nursing care. We will raise the consumption tax rate while clarifying the allocation of the budget, making constant efforts to economic growth and reduce squandering.

The consumption tax will cover,

- (1) Expanses required for countermeasure to the declining birthrate as well as pension, medical care and nursing care (covering ½ of the share of the national treasury burden for the basic pension) (7 trillion yen)
- (2) Natural increment of necessary social security expanses in the future due to progressing aging (1 trillion yen in the first year)
- (3) Present expenses for pension, medical care and nursing care (7.3 trillion yen)

Currently, the consumption tax is 10% and this rate will get public understanding until we return as the administration. Right now, we consider possible flexibilization for low-income earners, for example for food items.

Considering this fundamental reform, we will establish a bipartisan roundtable conference and other means to achieve a national consensus.

Regarding the personal income taxation, we review various deductions and tax rate structures to correct disparities and aim to restore income redistribution. We will raise the tax burden of high-income earners by adjusting the maximum tax rate and upper limit of salary income deduction. Aside

¹⁹ The primary balance is the basic fiscal balance excluding bond-related expenses. It is the fiscal balance of expenditure (general expenditure) excluding interest payment and redemption expenses of government bonds and revenues (tax revenues, etc.) and excluding issued income.

from this, we will reduce the burden on middle- and low-income households in consideration of child rearing and other aspects.

Regarding asset taxation, we will review the tax rate and its structure for inheritance taxation to prevent disparities and to be able to cope with the progress of retirement aid alongside other aspects. We plan to simplify the taxation system for automobile-related taxes and review the taxation in general regarding the provisional tax rate and the impact on the environment.

The local taxation system will be further decentralized as part of the drastic reform of the tax system to stabilize unevenly distributed tax sources. Additionally, we will review the taxation of local corporations and aim to secure stable financial resources for a social security system on a national and regional level.

Considering the tobacco tax, a lot of aspects like a comprehensive examination on tobacco and health, tobacco leaf farmers or tobacco retailers must be kept in mind. Still, it is appropriate to raise the tobacco tax after discussing this issue.

We will consider reducing the tax rate disparity among different alcoholic beverages based on neutrality, fairness, the international nature of the tax system and our financial situation.

We will promote a green tax system with regard to promoting low carbonization.

Therefore, we will reconsider environmental taxation while keeping in mind various policy methods, possible effects of taxation, its possible impact on the international competitiveness of our national economy and industry and in relation with already existing taxes. Comprehensive consideration will also keep in mind the taxpayer's understanding and cooperation.

By the introduction of the taxpayer number system, we will improve a convenient handling by taxpayers and optimize taxation in general.

Page 10

Realizing a society in which hard-working people are rewarded

We will establish a revived society where hard-working people are rewarded under the premise of “the reliability for financial resources, reliance and growth”.

39. Tailored to the growth of children – long-lasting child-rearing support

- Elimination of the limit of subsidies and the total number of all expenses required for specified infertility treatment
- Continuation of public expenses for pregnancy medical examination
- Improvement and enhancement of the perinatal medical care network
- Expansion of the lump-sum birth benefit to 600.000 yen and maintenance of the childbirth environment like obstetric medical institutions so that birth giving in residential areas is more comfortable
- Improvement of the environment for father's child-rearing leave / childcare acquisition (8819 movement)
- Promoting childcare support for families with children between 0 to 3 years
- Improving the conditions for families to balance child-rearing and employment

- Responsibility of the government to develop and expand high-quality childcare centers to realize the zero strategy
- Countermeasures against the decline of nurseries in rural areas
- Maintain and improve nursery facility standards, improve the treatment of nursery teachers and secure personnel
- Free public and private childcare and kindergarten for all children from 3 years until elementary school enrollment
- Support for childcare enhancement: childcare after birth, childcare for temporary keeping, expansion of child support, family support center
- Construction of mechanism to ensure the safety of infants such as an infection prevention system
- Free medical treatment for children
- Free meals at elementary and junior high schools to support families with children
- Clarifying the legal basis of the “public responsibility” and “minimum standard” for after-school club activities and establish those in all districts at existing elementary school facilities, ensuring an optimized quality and increasing the number of instructors
- Supplementary lessons for children after school
- Improving public education by optimizing the teaching schedule of science and mathematics, conduct a nationwide academic achievement survey and revive a teacher’s license renewal system
- Extending scholarships for high school and university students

We will actively improve the childcare system to build a safety net against poverty and inequality. We will also improve nursery care to stop the deterioration of childcare quality, an increased burden on parents and the decline of the treatment of childcare workers to guarantee a comprehensive child welfare for healthy children.

Regarding the child rearing support service, we will allow an easier and creative distribution of the already established child rearing grant whereas the budget is fixed by consultations between parents, child care workers, local residents and local governments.

There are currently no financial resources for the “child allowance” and possible effects are unknown so that we will completely review this policy. Also, we will suspend the payment of child allowances to children living abroad or children of foreigners as soon as possible.

40. Enabling people to receive the full basic pension

As a measure against people receiving low or no pension at all, we will limit the pension of people already receiving payments for three years so that the system will be able to grant premiums to people born after 1954. We will lower the required period of pension eligibility from 25 to 10 years. To achieve a system for people to receive the full payment of basic pensions and to lower public expenses, we will reduce pension insurance premiums and exemption per income. This will also improve the spirit of self-help and mutual assistance and lessen the burden of public assistance.

In order to make full use of the work force and motivate elder people, we revised the pensions system by reconsidering the pension entry age and giving life support on how to work effectively, so that pension payments will not decrease.

We will create new criteria for price slides tailored to the lives of the elderly.

We will regain the former strength of our pension system by giving a prompt remedy for the pension record problem.

We will introduce social welfare numbers and cards to improve the reliability and transparency of social security services, including pensions.

Page 11

We will set up a bipartisan consultant agency for the pension system as soon as possible, to not make pensions a tool for political fight and reconsider the social security system as well as solving possible financial problems of the pension fund.

41. Realizing sustainable and safe medical treatment

To achieve a substantial increase in medical treatment (also regarding the NHI compounding of medicine recompenses and drug prices):

- Increase the number of medical faculties
- Revise the clinical training internship system
- Improve the treatment of workers
- Improve the environment/circumstances for female doctors
- Strengthen and enhance the functions of clinics
- Correct the uneven settling of doctors
- Enhance and strengthen the function of private clinics

We will establish a stable medical system so that our country achieves a revitalized public and people can be sure to receive high quality medical care.

To achieve a medical system tailored to the living conditions and needs of older people, the target group of the elderly medical care system are people who are 65 years or older. At the same time, we will revise the system so that employees can include their spouses to their insurance. The medical system will be financially supported by the reform of the tax system and insurance premium rates will be cut so that the medical system will be facilitated for elder people and the public health insurance system, covered by the National Health Insurance Association Kenpo, will be improved.

Amid the economic downturn, we believe that “the maximum amount of current medical care expenses is too high”. That is why we will lower the amount of high-cost medical care expenses to guarantee medical treatment for everyone. At the same time, we will consider reducing the burden of medicine prices.

Due to the lack of doctors in specific clinical departments like obstetrics, pediatrics or emergency medicine, as well as a lack of doctors in some districts, our nation could face a medical collapse. To prevent this, will we organize a nationwide system of “doctors without prefectural boundaries” with 1.000 doctors who go to different areas from time to time. Additionally, we will reactivate medicine-

related occupations such as pharmacists, nurses, physiotherapists, therapists, language experts and mental health care workers to alleviate the burden on doctors.

We will promote the collaboration between firefighting and medical care institutions, establish an emergency counseling for citizens and high standards for emergency responses based on the Revised Fire Service Law.

Also, we aim to improve the life-saving rate by creating an emergency medical system that ensures a fast admission of emergency patients by medical institutions all over the country and enables doctoral helicopter operations.

There are 957 public hospitals playing a vital role in regional medical care throughout our country, but about ¾ of those are in the red. We will expand the financial support for hospitals in depopulated areas and for obstetric, pediatric and emergency departments by tax allocation. In the future, we will promote an efficient management of public hospitals and guarantee appropriate financial support to enhance regional medical care.

42. Enhancement of cancer countermeasures

To respond to citizen's need for specialized medicine to treat cancer or heart diseases, we urgently and intensively develop medical facilities and hospitals in specific areas (like regional cancer centers or rehabilitation centers).

We aim to "reduce the number of cancer deaths", "alleviate the pain of all cancer patients and their families" and "improve the quality of recuperative services" by training specialists and support special cancer treatments. We will improve the functions of medical institutions such as radiotherapy, chemotherapy, palliative care, cancer registration, early detection of cancer, prevention of cancer, uniformization of cancer medicine, cancer consultation support or information provision. As countermeasures specified for women's cancer, we recommend preventive vaccination of cervical cancer²⁰ and will financially support this vaccination. We will also implement medical examination for cervical and breast cancer.

43. Policy to promote vaccination

Regarding vaccination, Japan is still said to be an underdeveloped country. Since vaccination is vital for health security and preventing diseases, we will promote and enhance the supply system as well as research and development on vaccines. Also, we will promote the prevention of infectious diseases by vaccination like pneumococcal bacteria²¹, HIB²², mumps²³ or varicella²⁴ as well as cervical cancer vaccines to prevent only arbitrary vaccination. We will establish a new vaccination policy and promotion system.

²⁰ Cervical cancer is one form of uterine cancer and arises in the exit of the uterus called cervix.

²¹ Pneumoniae pneumococci are bacteria that cause respiratory infections such as pneumonia. It is often called pneumococcus at Japanese medical clinics.

²² Hemophilic influenzae type B causes infections such as meningitis, pneumonia, epiglottitis or septicemia for young children.

²³ Mumps is a viral disease caused by infection with the mumps virus. Prior to the development of the mumps vaccine in 1967, mumps used to be a common disease for children around the world and is still a threat in developing countries today.

²⁴ Varicella is a type of viral infection. It is commonly known as chickenpox.

Japan does not have an appropriate system to supply the necessary vaccines for new types of influenza infections. We will take great efforts to prepare for the second wave of influenza infections and prepare the system with a public aid grant to enable prompt production of a new influenza vaccines and establish an inoculation system with public subsidies.

Page 12

44. Reviewing the establishment of the “medical safety inquiry committee”

In order to secure safe medical care for patients and prevent the recurrence of unfortunate accidents, we will consider establishing a “medical safety inquiry committee” (provisional name).

45. Promoting psychiatric medical care

In response to the increase of new social needs such as therapeutic treatment for people with mental disorders, psychiatry emergencies, suicide, depression, complications during childhood or adolescence or dementia, the evaluation of psychiatric medical care is more than acute. We will support research on depression, awareness campaigns to promote correct knowledge, early detection and treatment, mental health education from childhood onwards and diagnostic or curing methods. We also promote reintegration into community life and social participation.

46. Promoting a correct treatment of nursing care

We promote measures to cope with the shortage of nursing jobs to enable nursing workers to continue working by enriching the working conditions and improving the treatment of those workers. We will also support the training of professional nurses (including midwives and public health nurses) and will create a correct environment to use their professional abilities to the maximum.

47. Enhancement of the national dental care

We will promote dental health and medical care that supports healthy “food” as the basis of our lives. With the promotion of the 8020 movement²⁵, we will proceed to guarantee dental examination for all workers. In addition, we will improve dental care at home for the elderly and offer necessary support.

48. Countermeasures against hepatitis B and C

Even though we implemented the Special Measures Law and expanded the Basic Law for patients with hepatitis C, not all of them have received the necessary treatment. Patients with hepatitis B are facing the same situation and a settlement has not been reached yet. We consider the country responsible for the treatment and settlement of hepatitis and we will solve the problems regarding hepatitis B and C.

49. Measures against asbestos

We will take up comprehensive asbestos²⁶ measures as soon as possible. We will consider the creation of a fund for the relief of possible affects under the responsibility of the state and companies.

²⁵ The 8020 Movement describes the efforts to keep more than 20 teeth at the age of 80. It is promoted by the Ministry of Health, Labor and Welfare and the Japanese Dental Association.

²⁶ Asbestos (also *ishiwata* or *sekimen*) is a natural ore with serpentine or hornblende formed into fibrous.

50. Human T cell leukemia virus – Measures against intractable diseases, tuberculosis and renal diseases

Maternal and child infection with the human T cell leukemia virus²⁷ is prevented by conducting nationwide standardized pregnancy tests. We will improve countermeasures against intractable diseases, like intensified disease research on diagnostic and treatment methods. We will develop a medical system for ATL infected patients. In addition, we will try to increase subsidies to reduce the financial burden for infected people.

Page 13

With over 24 thousand new patients every year, tuberculosis is a major infectious disease in our country. Therefore, we will promote comprehensive TB control measures and reliable treatment. We will promote preventive education to circumvent new infections and promote research on causes of kidney diseases and diabetic nephropathy. In addition, we will strive to develop a system that guarantees reliable treatment for dialysis patients.

51. Active use of pharmacies and pharmacists

To achieve safe and secure medication therapy, we will promote the division of labor by pharmacies and pharmacists. We will strive to prevent the increase of internet sales of pharmaceutical products. We will also publicly disseminate the possible use of generic drugs.

52. New growth strategy to enhance competitiveness of the pharmaceutical industry

To strengthen the competitiveness of our pharmaceutical industry, we will promote expanding and improving clinical research related to the development of new drugs and will implement a clinical trial system. We will also review the NHI drug price system and promote R&D, enhancement of the tax system and establish a comprehensive database for health information.

53. Enhancing the distribution of pharmaceutical products

As a response to a possible pandemic²⁸ of a new type of influenza, the safe and reliable medicine distribution system will encompass the traceability of pharmaceuticals²⁹, a crisis management and the distribution of medicines after natural disasters. The medicine distribution system will also improve the function of the medical insurance system.

54. Enhancement of rehabilitation system

We will strengthen the rehabilitation system and promote cooperative medical and nursing care to achieve a secure and healthy society.

²⁷ Human T Cell Leukemia Virus is a retrovirus that infects human T cells and is responsible for adult T cell leukemia (ATL).

²⁸ A term that describes a worldwide infection with infectious disease (or epidemic diseases) and causes significant numbers of infections or deaths.

²⁹ Traceability describes the ability to track the distribution route of goods from their production to the final consumption or disposal stage.

55. Promoting traditional Japanese medicine

We will promote research on traditional Japanese medicine by educating and training instructors and clinicians as well as establishing scientific foundations. We will create an environment that supports a stable supply of Kampo medicine.

56. Promoting medical care that enhances the quality of life (QOL)

Integrated medical care is one way to rectify the current problems of medical treatment and to open up the path for real health improvement. The established integrated medical research institutions in the Ministry of Health, Labor and Welfare will promote research and release information on the effectiveness of various health laws.

Also, we will work on education on integrated medical care, development of human resources, improvement of circumstances for the practical use and promote its use for psychosomatic treatments.

57. Mechanism to receive needed treatments via insurance

To bring advanced medical technology to practical use at an early stage and to expand the range of treatments available to citizens, we will modernize the regulation to enable all citizens to receive new efficient treatment methods via medical insurance.

58. Enhancement of financial stability, long-term care insurance services and suppression of rising insurance premiums

In order to establish a high-quality nursing care system, we will significantly raise the nursing care remuneration.

To maintain a sustainable long-term care insurance system and meet a rising demand due to the progress of aging, we will increase public expenses and suppress the rise of insurance premiums.

Despite the high professional standards for employment, we will further improve the circumstances for care workers to include more personnel, for example nursing care staff.

Since 420.000 nursing care workers are said to be missing, we will improve the standards of this profession by increasing the conditions at sanitation facilities by better maintenance and creating 200.000 new beds in nursing homes. Via this strategy, the quality of the nursing care service and conditions for individual care workers will be improved.

59. Supporting nursing care specialists

To appropriately use nursing care services, we will promote the independence and neutrality of the management of in-home nursing care facilities and support nursing care specialist (care manager) as a national qualification so that independent living can be carried out in familiar areas.

60. Support for home care

We will revise laws and regulations to prepare an environment where business creativity and autonomy can be executed so that high-quality home care services can be provided in rural areas.

61. Enhancement of athletic rehabilitation

In order to prevent the decay of exercise equipment necessary for nursing care, we will try to enhance athletic rehabilitation in medical treatment. Additionally, it is important to diagnose the locomotive

syndrome (LOCOMO)³⁰ with a high risk of falls, fractures and bedridden patients (47 Mio. people nationwide) earlier and introduce equipment for rehabilitation exercises.

62. Measures for disabled people

Our amended reform draft proposes welfare service and employment support for people with disabilities. We will involve appropriate judgements on the scope of the disability. We will strengthen our consultative support system, enhance support for children with disabilities, create subsidies for group and care homes and will increase the pension for people with disabilities to guarantee their stable income.

To secure the employment of people with disabilities, the national and local governments already worked on a law which gives priorities to those people when searching for jobs or products and supports working facilities of people with disabilities. We will furthermore establish the “Act on Prevention of Abuse of Disabled People and Support for Caregivers of disabled People” to protect disabled people and reduce the burden on care takers.

Regardless of the presence or absence of disabilities, we will realize a “symbiotic society” in which everyone mutually respects and supports each other’s character and personality. To foster the independence and social participation of disabled people, the domestic laws have to be improved following the “Convention on the Rights of People with Disabilities”.

63. Expansion of living support for households

Our party will enhance the training and contents of increased vocational training for emergency personnel and life training. We will revise the support system and include a new welfare system for young people to become involved in care work and use their talent.

For older people with a low-income and in need for living support, we will improve the support system according to their actual needs. We will also create nursing homes, group homes and specified facilities as a place to live for older singles and who are in need of care.

While implementing those policies, we will also support NPOs, etc. who are familiar with the actual situation of people in need of care.

We will enrich the adult guardian system.

Page 15

64. Support for atomic bomb victims

Based on the fact that Japan is the only country in the world hit by an A-bomb, we will promote support measures for A-bomb survivors.

65. Support for people living in China

We submit substantial support measures for Japanese residents living in China, but we will also promote measures as incentives for them to return to Japan in the future.

³⁰ The locomotive syndrome is a state of high risk of impaired mobility due to aging which requires long-term care and exercise rehabilitation.

66. Revision of the Social Insurance Labor Service Law and promotion of social contribution

We will revise the Social Insurance Labor Service Law, expand its field and develop a corporate system. Additionally, we will strongly promote the nationwide creation of a “neighborhood pension consultation center” by social insurance so that pension consultation can be done anywhere.

67. Promotion of safety and security of sanitation services

To make life sanitation services safe and secure for citizens and consumers, we will for example increase loans provided by the Japan Finance Corporation so that the functions and roles of the Japan Education Center of Environmental Sanitation can be fully demonstrated. We will also enhance the sanitary conditions of buildings.

68. Rediscovering judo therapy

We aim to review the funding of judo therapy and post graduate training. We will endeavor to clarify the work of judo therapy practitioners in regard to a legal framework.

69. Enhancement of acupuncture and moxa

We strive to improve the medical system so that acupuncture and moxibustion can be used as a familiar treatment. We also actively support expertise and further technical improvement of these treatments.

70. Promoting nutritionists

We will establish a system that can provide appropriate nutrition management by dietitians for home care recipients and elder people whose numbers are expected to increase in the future.

71. Securing an appropriate pension level

The bereaved families of people who paid for the nation and citizens their whole lifetime and showed great loyalty will get a pension as financial support and as national compensation.

Creating jobs, supporting communities, protecting safe and secure living – “salary via work”

The starting point of life is “employment” and its presence or absence greatly affects local regions. By not only “protecting” but also “creating” work, we will realize a safe society with regions enabling vitality and independence.

72. Establishing a “Japanese type of direct payment” for the multifunctional agriculture, forestry and fishery industry

By enacting the “New Multifaceted Function Law”, we will legally evaluate the multifaceted functions played by the agriculture, forestry and fishery industry as well as agricultural communities or fishing villages. Those functions include for example preserving the national countryside. Among them, we will fundamentally enhance the mechanisms such as a Japanese type of direct payment for inter-mountainous agricultural areas, improvement of agricultural land, environmental conservation, support for forest maintenance or support for remote fishery island to revitalize those industries.

We will also promote the creation of regional management corporations such as communities and NPOs that engage in “projects to maintain communities” via agriculture, processing, nursing care and so on.

73. Realizing a “income stabilization management system” to give agriculture dreams, hope and pride

Farmers do not need “household income compensation” but rather “fair prices and income”. Based on the voluntary efforts of communities, which are not standardized nationwide, we will create a “income stabilization management system” that will support the management of diverse workers such as farmers, corporations or village farmers to work together on rice, barley, soybean, vegetables or fruit trees.

Page 16

Additionally, we see the social, sustainable and economic “strengthening of farmers” as the most important task towards revitalizing agricultural rural villages and will make clear that “JA is the regional leader”. In the spirit of cooperation, we will strongly promote policies to demonstrate the various functions of those industries.

74. Doubling consumption and export of domestically produced agricultural, forestry and fishery products – Realizing an invigorated agriculture by the “Heisei agricultural land reform”

We strongly promote local production³¹, agricultural commerce and industrial collaboration by buyers and sellers³² to realize food security and a recycling-orientated society that “doubles domestic consumption”. To strategically expand export of rice, meat, fruits or fishery products, we will establish a nationwide export promotion organization.

We want to implement the “Heisei agricultural land reform” based on the Agricultural Land Act which has been intensively revised to emphasize the use of agricultural land and offensive competitiveness by restoring land improvement projects such as agricultural land integration, full utilization of agricultural land or the generalization of paddy fields³³. In negotiations with the WTO and on FTAs, we will adopt the philosophy of the “coexistence of diverse agricultural sectors” and will work strategically to avoid damaging our position.

75. Conservation of urban agriculture

It is vital to provide fresh and safe food and a comfortable living environment to people living in cities. We will enrich the maintenance and promotion of urban agriculture in the future urban planning and include it to legislation and taxation.

³¹ Local production increases the consumption of regional products and the consumption of agricultural products as well as fishery products.

³² Agriculture, forestry and fishery businessmen and commerce and industry companies bring their respective resources together and tackle the development of new products and services jointly. This initiative started in November 2007 and is supported by the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy, Trade and Industry.

³³ Paddy fields generalization is used in order to cultivate field crops such as barley and soybean by normal fertilization management and to improve drainage by maintaining drainage canals.

76. Enhancing and strengthening soybean and wheat measures

Soybeans, maize and maize wheat are indispensable foods for the Japanese diet but we highly depend on imports. To increase the domestic production of soybeans and other foods, we will mobilize all policies for upland farming and paddy fields, such as strengthening the “local production grant” and make those supporting measures easier to use.

77. Enhancement of measures to stabilize the management of vegetables

We will implement a system of producing, processing, distributing, selling and consumption that delivers domestic vegetables safely. For that purpose, we review the current price stabilization system, which stabilizes supply, demand and prices, and create a management stability system in support of various vegetable farmers. We will stabilize the income based on the characteristics of each crop for scale-expanded production areas and specialized management entities.

78. Enhancement of measures to stabilize the management of fruit trees

In addition to strengthening the infrastructure to produce high-quality fruits and reinforcing measures for revenue compensation, we will support the fruit juice processing system and fortify the measures to stabilize the supply, demand and prices. In addition, we will make it easier to join the mutual aid system with a lower participation rate and take stabilizing measures to support the management of diverse fruit tree farmers.

79. Enhancing measures for sweet resources like sugarcane

We will try to maintain and strengthen the current system for securing management and income for sugarcane, starches, *tonka* and potatoes which are core crops in remote islands by promoting a crop rotation system.

80. Enhancing measures for tea and flowers

With the enactment of the “Tea Promotion Law”, we will work on the improvement of production bases, promote production according to demand, improve the process of distribution and sales, expand consumption and promote export. We will try to develop new varieties of flowers, promote production, distribution and consumption since the demand is expected to increase in the future.

81. Enhancing measures for livestock and dairies

We will establish livestock and dairy measures in accordance with the specific site, livestock type, region and management body to stabilize the management of animal husbandry and dairy farming. We will solve the biggest problem in livestock and dairy farming in Japan, the self-sufficient food rate, by realizing “urban farms”, subsidizing contractors for domestic feed production and reuse food waste. Another measure is the introduction of subsidy to curb the use of imported feed. The “Special Measures Law Against FMDV” will prevent disease like BSE, food-and-mouth disease, bird influenza, swine fever and many more and will help to investigate the causes of those diseases to be able to quickly respond to a possible epidemic.

82. A new evolution of “aggressive agriculture”

The new evolution of “aggressive agriculture” describes the necessity to secure financial support for young farmland workers engaged in agriculture abroad since Japan’s increasing food demand relies on overseas agriculture. We will also maximize the use of science and technology in Japan and overseas and financially support factories using renewable energies.

83. Food security, dietary education and the symbiosis of urban areas and rural fishing villages

Aside from implementing the traceability of production chains, we will regulate the obligation to display ingredients. We develop a national campaign for education on the appreciation of food and dietary to appropriately choose food. Furthermore, we strongly promote the cooperation of urban citizens and residents of agricultural and mountainous fishing villages.

84. Countermeasures against wildlife damage

Following the implementation of the “Birds and Wild Animals Damage Prevention Law” two years ago, we strongly support municipalities to take effective countermeasures against wildlife damage. We also strive to release information about species-appropriate hunting methods.

85. Promotion of domestically produced timber and establishing a “direct payment system”

Based on the principle of “the whole nation protecting forests”, we recognize the role that forests play in the prevention of global warming and therefore promote a higher self-sufficiency rate by sticking to domestically produced timber.

While addressing illegal logging, we will consider other measures to ensure sustainable forest management and therefore create a direct payment system for reviewing building standards, increasing beautiful Japanese-style houses using domestic materials, reduce the burden of road networks on forest owners and enhancing green employment and forestry associations. Via an environmental forest tax and inheritance of agricultural land tax, we will further improve the financial resources to protect our forests.

86. Become a fisherman! Secure income for fishermen

We will fundamentally review the requirements for funds and subsidies for the motivated fishery industry to make it an easy-to-use system and enable this industry, if not affected by natural disasters, to subscribe. We will realize a managing entity to secure the income of fishermen so that they can live carefree.

We will build a safety net for fishermen by revising the loan system for necessary funds so that unsecured people can use the guarantee system and the fishery industry and management will be strengthened as well as expanded.

87. Supporting the reorganization of fishing boat constructions

Keeping in mind the necessity to modernize fishing boats in accordance with ecological and energy saving standards, we reorganize the production of fishing boats and the maintenance of aged fishing

vessels. With those great support measures, fishermen and newly hired employees can enthusiastically enter the industry with confidence and make fishery a proud growing industry.

88. Reviewing the regulations for technological standards for fishing vessels

While still considering the importance of technological standards for safe navigation, shipbuilding, ship maneuvering, communication or location determination, we will strive for a deregulation to achieve technological innovations for improving the equipment of fishing vessels.

Since fishing boats are indispensable for fishery, we support reforms for a labor and energy efficient fishery via developing new energy technologies.

89. Our country is responsible to collaborate with fishermen on price fluctuation of fuel and our traditional diet

By aiming to establish a stable fishery management not threatened by price hikes of fuel or oil or fluctuating prices for cultured food due to speculation and international demand, we will implement a safety net for fishery entailing an upper limit of self-payment to achieve a truly stable fishery management led by the country. There will furthermore be tax exemptions and refund measures for heavy oil, light oil and fishery management.

Page 18

90. Construct a diversified fishery distribution with proper sanitation to alleviate consumer worries

Maintenance and management of fishery resources is essential to respond to diversified needs of consumers' diet and safety concerns, so that we promote ecolabels and branding of fishery products. Letting fishermen participate in the price setting will entice pride and motivation as well as high-quality products. In cooperation with the restaurant industry and consumer groups, we construct parallelly diverse distribution channels to connect production and consumer, develop utilization of former unused fishes, develop aquaculture technology, release information on fishery product from various areas. Thereby, we will develop a system quickly responding to consumers' demands on fishery products.

91. Facilitating the introduction of the HACCP system and promoting export of marine products

To be able to respond to high safety standards for imports in different regions like the EU, we will introduce the HACCP system³⁴ and develop processing and distribution facilities according to this system. It will promote regional fishery industries and promote the export of marine products contributing to the stability of fish prices, while also simplifying inspections and procedures accompanying exports.

³⁴ The HACCP system will secure a continuous management (CCP; essential management point) analyzing possible hazardous factors in the process of manufacturing food products and improve efficiency.

92. Expanding the consumption of marine and local products

Children should already be introduced to habitually eating fish and local products and we will there supply marine products to schools for lunches and experiential fishery to the education schedule. In cooperation with the restaurant and fishery processing industry tied to local production, we will build an integrated distribution channel (supply chain) ranging from production to consumption to enable a stable supply of fresh domestic fishery products. Supply shortages to consuming areas will be reduced by an expanded system coping with flexible supply and demand adjustment projects so that fish prices will not decline. We will support ambitious management on material securing, technological development and expansion of sales channels.

93. Wholesale markets as an important base for the distribution of fishery products

Since wholesale market link producers, consumers and fishery product retailers directly, we will strengthen their importance. To build an integrated supply chain, we will support logistics, facilitate information flow, improve advanced hygiene control, we will introduce a stable management and expansion.

94. Strengthening fishing ports and affluent fishing villages

Safe and secure fishing ports which are strong against natural disasters like earthquakes, tsunamis and typhoons are essential and they must also be facilitated for elderly people and women. Furthermore, advanced hygiene control and other measures contributing to high-quality products established by the HACCP system will be established. Also, fishing villages must be secure against natural disasters while also creating a well-adapted living environment keeping in mind rural depopulation.

95. Fishery maintenance and seeds release to develop a stable supply system for fishery products

In response to depleting fishery resources in the waters surrounding our country, we aim for large-scale resource growth by improving fishing grounds and cultivation fishery as a social infrastructure project for stable food supply. With the frontier fishery improvement project under state control, we promote seed and sewage release projects according to local circumstances to restore fishery resources.

96. Measures for operations in territorial waters

Concerning measures in the Sea of Japan and East China Sea, we negotiate with other governments to enable our fishermen to operate fairly and safely while also respecting resource management manifested in the Japan-Korea and Japan-China New Fisheries Agreement.

97. Not only fishers, but also the country is responsible for managing difficulties

While sticking to international treaties concerning fishing restrictions to manage resources, we still want to minimize the impact on the fishery industry by providing support for fishermen and reduce the number of international ships and restrict unpermitted fishery.

Since the fishery industry is vital to improve our food self-sufficiency rate and stably supplies high-quality marine products to consumers, we will improve its business environment and financial structure.

Page 19

98. “Fishery village direct payment system” to promote multifaceted functions of fishery

The “Fishery village direct payment system” is established to provide stable marine products supplies and encourage fishermen to restore fishery resources while also improving the quality of fishery products. It supports fishery villages engaging in multifaceted functions like pisciculture, the conservation of seaweed beds and tidal flats which are a place of balance where urban regions adjoin the ocean.

99. New employment in the fishery industry

Since the fishery industry is a core industry in rural areas, we will inject new force into it and enable fishery villages to be reactivated by new applicants. A system providing detailed information for applicants will be introduced and training in fishery cooperative associations will be improved. We will financially support shortened training periods for new applicants from two to one years in organization accepting new employees.

100. “School entrance scholarship” for children living in fishery villages

Potential students living in fishery villages who want to enroll at universities or graduate schools will receive scholarships so that disparities in parents’ income will not matter. It will be complementary to already existing scholarships and will make it easier for families with young children aiming for higher education to pay all expenses. The “school entrance scholarship” (provisional name) will be measured to the income of parents and price level of schools and is directly paid to enrolled students.

101. Creative ideas to improve the connection of fishery villages and suburban areas

It is necessary for residents of fishery villages to have easy access to medical institutions, welfare service facilities or cultural facilities at suburban areas. The functions of fishery villages and urban areas complement each other by, for example, providing a nature-blessed environment or fresh ingredients. We will improve the access between villages and suburban areas to enable rural residents to have equal access to all necessary institutions or facilities.

102. Pest control and damage countermeasures

We closely cooperate with various research institutes and neighboring countries to deal with harmful organisms like large jellyfish, *todo*, *ascidian*³⁵, *gumi*³⁶ or cormorant and red tide damage that pose a threat to fishery beyond imagination. Early pest prevention and mitigation measures are needed to promptly release information and offer disinfection to fishermen as to not let the fishery industry suffer.

³⁵ Similar to *maboya* as an edible sea pineapple.

³⁶ Similar to silverberry sea cucumber.

103. Public safety and national interests via diplomacy

We acted as an independent and firm state in response to unjust obstructive activities like extreme environmental protection groups, fishing restrictions and migratory fishing of bonito, tuna and whale. We will adopt resolute diplomatic negotiations to protect the people's security and national interests. Japan will take a leading position on international resource management or whaling used for science and providing ODA for international cooperation.

In trade negotiations with the WTO and on EPAs or FTAs, we devoted ourselves to international rules while also preserving the achievements and pride of our predecessors and defending the fishery industry's national interests.

104. Development of new products and markets by small and medium enterprises

For small and medium sized enterprises to grow, it is essential that there are "goods to sell" and that "goods are sold". Therefore, it is important for creative people to develop "eye candy" for "selling". We will create an environment allowing "people wanting to sell" and "products to sell" to match. But to "sell goods" it is also important to cultivate a domestic and Asian market where products can be sold. We will therefore improve business and marketing routes.

105. From Japan to all over the world

We encourage local companies and producers to devote themselves to the creation of products that can be sold nationwide and worldwide. Therefore, we will eliminate regulations to flexibly meet business challenges. To raise sales from rural to urban or even worldwide areas, we will support the use of ICT technology like BtoB sites³⁷ financially and maintain sales channels to capture the Asian demand.

Page 20

106. Extension of eco points

We strongly advance the "local campaign" promoting local products as "outcomes" of our regional industry. As part of that, we will extend eco points where regional products can be exchanged until the end of FY2011 and will establish a grant for people contributing to energy conservation with office automation equipment.

107. ICT utilization in rural areas

Via the internet, the local industry can be revitalized for joint orders, bulk sales of special local products, connect consumers, web site with regional tourist information and information about traditional culture. We will grant incentives to use such methods to realize a vibrant community.

We intensively invest in ICT related technology used in local communities to monitor the elderly and children, distribute disaster prevention information and create a useful information communication system.

³⁷ Short form for Business to Business. Describes web sites for trading between vendors.

108. Security of information and telecommunication networks

To ensure the secure use of ICT by citizens, we will implement measures against illegal or harmful actions on information networks like viruses or spam mails and ensure information security.

We also promote the improvement of school's ICT usage, activities to introduce digital textbooks and improve ICT literacy (reading and writing skills) of young people. Furthermore, information education has to be introduced to elementary and junior high schools to nurture advanced ICT human resources.

109. ICT infrastructure without inequalities (early elimination of the digital divide)

The digital divide is a hindrance to the revitalization of local communities, the economy and the development of local electronic government.

Regardless of geographical conditions, the elimination of zero broadband areas is vital to establish a network infrastructure giving equal access to services to local governments, local public entities or private enterprises. By developing an easy-to-use ICT technology and a barrier free environment, we will enable everyone, including the elderly and handicapped to participate in our society. Especially areas where nor broadband or mobile phone connection is available have to be developed first.

110. Transition to terrestrial digital broadcasting

Since television broadcasting is indispensable for everyday life, we will take comprehensive efforts to utilize terrestrial digital broadcasting and compatible equipment at home like TVs and tuners and will especially focus on areas having difficulties dues to geographical conditions.

111. Technological development of SMEs

Technological progress is essential for the success of companies. For small and medium sized enterprises R&D is difficult due to the lack of human and financial resources. Therefore, research institutes owned by prefectures or universities cooperate with those enterprises on R&D. Especially the manufacturing industry heavily relies on the production of prototypes for commercialization but the government suspended the "Monodzukuri Small Business Product Development Subsidy" last month which we will immediately reimplement.

112. Matching between local universities and industry

Graduates learning and taking lectures at regional universities or industrial high schools have enormous talent which should be seized by the local (commerce) industry to "keep people in their local community". To bring students, companies and communities into a win-win relationship, the industry and academia collaborate to support new graduates to match with small and medium sized enterprises for the better use their highly-specified talent. We will further support research institutes and local companies financially on technological innovations and enabling them to use technology and know-how cultivated in their region.

113. Corporate activities to create employment opportunities in communities

To promote regional vitality and uniqueness and create “bonds”, we aim to establish the “Regional (medium- and small-sized enterprises) Purchase and Reinvestment Law” (provisional name). This law sets criteria for regional financial institutions to reinvest in local regions.

The national and local government will prioritize local SMEs when ordering public services or goods. Recently expanding large-scale retailers will get incentives to purchase regional or local products. Additionally, we support “second-chance education” leading to increased employment.

114. Revitalizing SMEs by training and securing personnel

“Human resources” are vital to companies. However, unlike large companies, SMEs have difficulties to recruit and secure “human resources”.

For this reason, national and prefectural municipalities conduct business matching especially for “small and medium enterprises talent” for high schools, universities and SMEs. Research at high schools and universities will be thoroughly supported. Rather than working alone, small and medium sized enterprises in one area create “Human Resource Development Study Groups” (provisional name) to strengthen the cooperation between administrative and educational institutions.

115. Revitalizing regional economies by human resources

Currently, agricultural commerce, industrial collaboration, regional economic revitalization and the utilization of ICT is lacking due to insufficient advisors, insufficient human resources and the complicity of development in general. The difficult job situation and depopulation will be answered by medium- to long-term development in regional communities enabling the development of human resources via the cooperation between the industry, government and academia.

In order to resolve employment imbalances between regions, we will analyze industry and business structures and will match job seekers with regional industries.

116. Securing and enhancing cash flow

Currently, small and medium sized enterprises are still unable to get out of recession. To stop this recession, our party formulated an “emergency guarantee” and “safety net loan” as an essential measure to secure funds leading to future growth. We will furthermore create a new framework for public financing.

Additionally, we will review the effectiveness of the “Small and Medium Enterprise Financial Stability Law” implemented last year by the Diet. We will verify the current situation of “credit crunch”, “bounced checks”, the financial situation of SMEs and respond to required funding.

117. Fair trading environment

We will realize a fair-trading environment so that hard working small and medium-sized enterprises will not be disadvantaged in comparison to large companies. We will strengthen the “Law to Prevent Payment Delays of Proceeding Subcontracting” and the “Guidelines to Promote Proper Transactions” and will support the consultation system concerning “Subcontractor Agreement Templates”.

Furthermore, we will implement guidelines for the impact of large stores on local retailers (preventing unjust bargaining and the abuse of a superior position).

118. Reviewing the framework for small and medium-sized enterprises

Currently, the legal system cannot respond to changes in the industrial structure since the “Law on Small and Medium Enterprises” has been stipulated and has become a barrier to expansion. Therefore, we will revise this law to make it easier for companies to grow and get funds or employees. Likewise, we will clarify the position of “medium-sized enterprises” aside from the other two categories of “SMEs” and “large companies” to push this group of enterprises to growth.

119. Restructuring and converting small businesses

The elimination of unnecessary in-house companies and thereby developing new businesses is important to create strong management entities. We will establish a system eliminating unprofitable company departments, strengthen the consultation system of experts to create new departments and financially support those.

We want to achieve a medium- to long-term impact by transforming completely new field for businesses and create stable management in businesses (management know-how, product development, etc.).

Page 22

120. Disaster prevention and countermeasures

The foundation to protect our lives is disaster prevention (earthquake-proof construction of schools, residential areas or public facilities, barrier-free stations or the installation of new doors). The promotion of disaster prevention measures is also essential since changes in the natural environment cause an increase in torrential rain, large-scale earthquakes, tsunamis, flood disasters or sediment disasters. Therefore, we will strengthen the measures implemented by the “Special Measures Law on Earthquake Disaster Prevention” and establish a “Law for the Promotion of Tsunami Measures”. Additionally, we will complete the Yodogami Dam to secure the water supply for five prefectures and prevent damages to the railroads in this area.

121. Comprehensive emergency response system

We will cooperate with all institutions involved to create disaster relief support for people in need after a natural disaster, promote regional disaster prevention capabilities, promote the digitalization of a disaster prevention radio, increase municipal firefighting departments and enhance emergency firefighting aid teams.

We also plan to improve disaster emergency information transmissions and collection networks, including the nationwide instantaneous warning system (J-ALERT)³⁸ as well as seismic information networks and 24-hours operation of firefighting and disaster aid helicopters.

³⁸ The nationwide warning system (J-ALERT) transmits emergency information instantaneously to residents using communication satellites and the municipal broadcasting and disaster prevention radio.

122. **Maintaining the road network and core infrastructure**

We adhere to the principle to privatize highways to benefit from involved companies. Aside from resolving missing links on expressways, we will maintain and expand discount system to make them easier for citizens to use and not putting new financial burdens on the government. Since roads are indispensable for local life, like school streets or “residential streets”, we will improve their maintenance without being bound to B/C (benefit-cost ratio).

123. **A comprehensive transportation system**

We will develop a comprehensive and competitive transportation system including the creation of airports, harbors or expressways, and by securing regional public transportation and improving the connection between Haneda, Narita and Yokota Airport. The maintenance of bullet trains is vital and we will aim for the approval and construction of unfinished sections (Shin Hakodate – Sapporo, Kanazawa – Tsuruga, Isahaya – Nagasaki) in 2010. Superconducting lines (magnetically levitated railway) aim at the construction of a Central Shinkansen. We also aim to realize free gauge trains (track measuring train)³⁹. We will review the complete transportation system regarding modal shift⁴⁰ and reducing CO2.

124. **A globally competitive aviation and airport system**

Aside from further promoting air liberalization (open sky)⁴¹, we will revise the airport maintenance (airport maintenance special account) and gradually reduce landing fees or fuel shipping taxes to be prepared to compete with other Asian countries and cheap airlines. A system providing a route network meeting people’s demands is also crucial to be able to be competitive. We will also reconstruct Japan Airlines to let it be Japan’s second national railway.

125. **“Invest in the future” – protecting the local high-quality construction industry**

In order to endure the current economic crisis, we have already implemented fiscal stimuli in the past three years to rebuild the Japanese and local economy by protecting the high-quality construction industry since it supports the development and safety of regional areas and the future growth. We will advance the social infrastructure as the foundation of safety and security. We will also contribute to the world by exporting our excellent transportation and water systems and will revise the PFI method to revitalize our regions.

126. **Appropriate wages at public construction sites**

To develop a sound construction industry, we will ensure proper wages at public construction sites and protect the lives of constructions workers and architects.

127. **The value of housing and lifestyle according to life stages**

Housing is an important national wealth and we will therefore realize a “stock society” that enables housing to be an asset through comprehensive housing taxation, a loan support system and

³⁹ A free gauge train that operates the width of the track.

⁴⁰ Shifting cargo and public transportation from automobiles to railways, ships and aircrafts.

⁴¹ The Open Sky Agreement is an agreement between airlines in each country to decide the number of flights.

deregulations. To acquire a living environment responding to each life stage, including young people, a supply of long-term housings (200 years), earthquake resistance, energy saving and barrier-free housing must be maintained and a market for reselling houses must be developed. In response to a low birthrate and an ageing society, we promote the supply of family and rental houses in proximity to child rearing and care facilities to enable the elderly and child rearing household to live peacefully.

Page 23

128. Resettlement – Revitalization of rural areas and relaxation of urban citizens

By effectively promoting the facilities, houses and human resources of rural areas, we aim to become a society with both physical and mental health by enabling urban citizens to relax according to their hobbies and values by “season stays”⁴². We will create bicycle roads, cities supporting the environment and health and promote walking by foot.

129. A sightseeing nation

We will be a “tourism nation” through sophisticated campaigns to visit Japan and review immigration procedures. We will also promote regional revitalization through sightseeing by including attractive sightseeing spots into town planning while also keeping the landscape into consideration. We will acquire a decentralization of vacations and develop a tourism industry. We will consider cooperating with NHK on reception fees at hotels.

130. Two trillion yen for emergency grants

We will reinstate the temporary grant we already established with the “political leadership” so that local governments can promptly implement policies to protect their region. In the meantime, we will realize a “emergency grant for regional economic countermeasure” (one trillion yen) and a “emergency grant for employment creation” (one trillion yen) which can be used by local governments to revitalize the regional economy and job creation.

131. Local tax finance

Due to the deterioration of the economy, local financial resources are in a serious situation so that welfare service, medical care, education and police services especially in depopulated areas and isolated islands are minimized. We need to enable residents to receive the administrative services necessary for their lives by improving the social capital familiar to those residents.

To strengthen regional revenue sources, our reform of the tax system, including the consumption tax and local allocation tax, as well as the supplementary provision of the Tax Reform Act of 2009 and the “Medium-Term Program”, will enable interregional tax distribution and we will reexamine the local corporate taxation to improve local financial resources.

132. Decentralization

Immediate measures for decentralization are (1) obligation to meet the recommendations of the Decentralization Reform Committee, (2) securing financial resources for local governments through

⁴² Describes living in a certain area in your favorite season for a certain period of time and is a migration-style short-term stay.

allocation taxation and local taxes, (3) limiting projects to core businesses and wide area projects by thorough prior consultation with local governments, thorough disclosure of information and reviewing contribution payment systems, (4) implement regulation in accordance to the recommendations of the Decentralization Reform Committee. Aside from introducing the Doshu system, we will promote unifying local outsourcing organizations.

133. Strengthening regional functions via decentralization

By clarifying the legal position of six regional organizations such as the National Governor's Association, the country and rural areas can conduct thorough discussion. We aim to legislate and clarify the scope of responsibilities and duties of the members of Congress while strengthening regional parliaments via decentralization and strengthening the Congress so that the distinction between national political activities and local government can include residents' demands.

134. An ideal city system

More than 50 years have passed since the establishment of the Designated Urban System, and during this time the circumstances concerning cities has underwent significant changes. We will examine wide area municipalities and designated cities so that those can be responsible for regional characteristics and actual administration.

135. The Doshu system

The "regional sovereignty" the Democratic Party of Japan promotes is merely an ambiguous catch phrase. For the decentralized state that our party is aiming for, wide-ranging administration and coordination between municipalities has to be carried out via the Doshu system so that municipalities familiar to residents carry out the administration. The national level will be in charge of administrative work directly related to the interest of the whole state such as diplomatic or defense issues. We will establish the law of the Doshu system to achieve a well-organized decentralization.

136. Regional power

To revitalize the regional economy as an attractive area while facing a declining birthrate, aging population and depopulation, devotion to population settlement in rural areas and correcting regional disparities is important.

Page 24

From this point of view, we will promote settlement in autonomous regions to strengthen mutual cooperation between central city and surrounding municipalities, based on the idea of "consolidation and network" concerning various policy issues like regional medical care, public transportation or industrial promotion. We will promote forming collaboration between cities and the countryside and increase domestic demand through priority investment and at the same time revitalize the economy in all regions.

137. Settlement in rural areas

Some regions remarkably suffer from the declining birthrate, an aging population and a general population decline, so that securing residents is an important task to maintain regional capabilities.

On the other hand, there is a growing need for living in communities and contribution to local communities among urban residents.

Therefore, motivated young people from large cities will create an environment where regional cooperation projects like water source conservation or the support for agriculture, forestry and fishery can be acquired. We will support local governments working on the settlement and consultation of young people.

138. Creation of human resources

Distinctive and proud communities are built on the power of human resources utilizing regional history, culture and climate. While providing financial support by local tax allocation, we will promote human resources as dispatched private advisors so that an attractive area can be created based on their initiative. The mutual exchange between local human resources on knowledge and know-how acquisition will be supported to enhance the ability of people working on town planning and development.

139. Senior citizens' participation in society as active 70 years old

Responding to the new needs derived from social change, we aim to realize a society where elderly people who are still healthy and have a high life expectancy can work their whole life until 65 and we will therefore extend the age of retirement. With the "70 years old and active" plan, we will provide counseling support, education and training on career formation from the age of 50 onwards. In addition to using the Silver Human Resource Center, we will encourage the employment of older people. We will also support business operators who facilitate an adequate working environment for seniors and businesses who continuously hire people of 65 years or older. We will create an environment appropriate for elderly people willing and motivated to work actively for a lifetime and realize the "an active lifestyle society for 70 years old".

140. Female employment

To support women, especially mothers during child rearing, to get reemployed, we will create a support system to engage companies into hiring women, expand the Hello Work system for motherly and support further qualifications for women. We aim to prepare the appropriate circumstances for women to handle childbirth, child rearing and work. Based on a new family image and vision, we will promote a work-life balance that enables couples to work together and share housework together (cooperate and share). We aim to expand nursery centers, especially in metropolitan areas, and support the efforts of municipalities in their quantitative and qualitative improvement of after school children institutions.

141. Support for youth employment

We will not isolate people who could not achieve an academic education. We want to support the development of human resources by enhancing vocational education to acquire skills and practical knowledge, support regular employment with emphasis on senior freeters (25 to 39 years old), create a new graduate support system as well as industry-academia-government cooperation. By doing so, we will support matching between industries and people seeking a job.

142. Expanding and improving the conditions in the field of welfare work

We will strive to expand the field of local welfare workers (medical care, nursing care, child rearing) and improve their working conditions.

143. Teleworking

Teleworking⁴³ is a method to work flexibly regardless of location or time and offers increasing employment opportunities for local residents, elderly people, disabled people or couples with children. It also supports realizing a society that ensures work-life balance and an enriched life. By 2015, we will double the number of teleworkers to seven million people.

144. Revitalizing solidarity in local communities

To revive the bonds in weakened areas, we will establish the “Act on Community Activity” to support groups conducting community-based activities such as neighborhood associations or self-governing associations. Additionally, we will create a system (point system) to evaluate activities contributing to communities or the society in general by a point system.

Page 25

145. Activation of shopping districts

As “local community leader”, the expectations of residents concerning shopping districts have increased. By using the angel tax system, we will support training and business guidance in the management of shopping districts and new businesses. We support both soft and hardware efforts to regenerate shopping streets, make effective use of vacant stores, connect arcades with public transportation facilities, maintain parking lots and bicycle parking spaces as well as install energy-saving street lights. We will promote the creation of “family-friendly and comfortable” shopping streets as part of a city planning that takes social issues like aging, safety, security and environment into consideration. By restoring the bustle of stations and central urban areas, we will also connect cities with the regional economy.

146. Enhancement of fire brigades

A quick response to severe earthquakes like the Tokai, Tonankai and Nankai earthquakes is an urgent task. In order to secure the safety of residential areas, we will work on enhancing the equipment of fire brigades and firefighters and activate disaster prevention organization, regional disaster prevention capabilities while also promoting the earthquake resistance of public facilities.

147. Supporting regional organization and NPOs

By revising the Act on the Promotion of Specified Nonprofit Activities (NPO Law) and by dramatically expanding and simplifying the certified NPO corporation system, we will work on supporting volunteer organizations such as nonprofit organizations enabling everyone to participate.

⁴³ Teleworking (or telecommuting) is a working style that enables flexible work without constraints of time or location by using information communication equipment. The word “telework” is a coined word in Japan, but is also done in Europe or the United States.

148. Measures for remote islands

Based on the fact that routes to remote islands play the same role as national highways on the mainland, the importance to secure transportation methods (routes and airways) to remote islands is clarified by the “Law on the Maintenance of (Air) Routes to Remote Islands”. We will financially support people who have to commute between remote islands and the mainland to reach high schools. We will work on correct information about terrestrial digital broadcasting, on enhancing medical treatment and on creating measures against emissions for remote islands.

For Amami and Ogasawara, we will subsidize all costs of petroleum transportation between the mainland and the islands.

149. Measures for depopulated areas

Under the leadership of our party, the “Law on Special Measures for Depopulated Areas” was extended. In the revised law, we incorporate the use of software projects requested by people from depopulated areas to enable measures meeting the specific circumstances of depopulated areas like for example doctors or community busses.

Our party will continue to consider the current situation and problems of depopulated areas and work on countermeasures.

150. Extension of the “Act on Special Measures for the Regional Promotion of Nuclear Power Facilities”

We will take every effort to ensure the trust of local residents into the safety and security of nuclear power plants. At the same time, we revised the “Law on Special Measures for the Regional Promotion of Nuclear Power Facilities”, extended it for 10 year and expanded the scope of special measures.

151. Stabilizing people’s consumption and consumer administration

By further enforcing the Consumer Agency and Consumer Committee, we will acquire a society enabling consumers to lead a safe consumer life and a “one stop window” to grant every citizen access. We will aim to fundamentally strengthen regional consumer administration, including the support for consumer counseling, and enhance financial policies to meet financial needs by support and administrative sanctions.

Also, we will enrich the consumer litigation system to alleviate the burden on victims. Furthermore, and in order to support people’s self-reliance concerning consumption, the opportunity to acquire information and realize an improved environment is integrated by the “promoting consumer education” (provisional name) by the Ministry of Land, Infrastructure, Transport and Tourism.

152. Strengthening security measures based the “declaration to become one of the eight safest countries in the world”

With the “declaration to become one of the eight safest countries in the world” in 2008, we will promote town development that eliminates crime, fraud, responds to violent crimes and deals with matters threatening life safety. We will also promote measure for a secure cyber space, against

organizational crime, against firearms and drug abuse and we will implement countermeasures against terrorism and illegal residents. We will also develop methods to collect objective evidence to improve the death cause investigation system. At the next Diet session, we will also establish a “Law on a Safe and Secure Community Planning” and will support those who are striving for security measures like neighborhood watch groups.

153. Revised plan for victims of crime

Five years have passed since the enactment of the “Basic Law on Victims of Crime”, which our party formulated in cooperation with crime victim groups and crime victim support groups and by which the crime victims benefit system was expanded (July 2008). A number of measures were implemented including the national defense system for victims (December of the same year), the establishment of a compensation system (December of the same year), establishment of a juvenile hearing attendance system (December of the same year) and others more. However, financial support for organized crime victims and victims support groups is inadequate, and the creation of funds for victims is a major challenge. Since every citizen potentially becomes a crime victim, we revised the basic law for crime victims and settled the unresolved problems by keeping in mind the viewpoint of crime victims.

Page 26

154. Halve traffic accident deaths

We promote comprehensive traffic safety measures, like safe driving support systems, to eliminate drunk driving or traffic accidents of elderly people and sophisticate the ITS so that the number of traffic accident deaths of about 5.000 people will be halved in the next 6 years.

155. Strengthen suicide measures

The number of suicide deaths in Japan has remained at a high level exceeding 30.000 people for twelve consecutive years since 1998. To reduce the number of suicide deaths by more than 30% over next two years, we will introduce industrial physicians and specialists, enhance the quality of professional staff and take measures toward an early detection of depression in our society. Furthermore, in order to rescue as many people thinking of suicide as possible, we will promote visible measures such as setting up security doors at railway stations.

156. Promotion of youth health

Since juvenile delinquency and crime victims among young people must be prevented, we are working on establishing effective laws including the Basic Law for Young People’s Development to prevent young people from living in a harmful social environment. We will promote comprehensive policies for optimizing our society by, for example, business operators. Also, we will prevent crime victims of harassment on the internet and promote measures for online youth safety and security.

We will promote the support of young people having difficulties such as NEET or freeters and strengthen regional cooperation for a smooth social life. We will also improve cram schools and work towards the self-reliance of our youth.

157. Consultation system for gender equality and DV⁴⁴ victims

We promote a social environment with equality for both sexes across generations in all areas like communities, workplaces or homes. We will strengthen the consultation system for victims of domestic violence especially at night and on Saturdays and Sundays to eradicate violence against women, including violence from spouses.

Protecting our green planet and rich nature

It is our responsibility to provide a beautiful planet for next generations. To overcome the stagnating international negotiations on the Framework Convention on Climate Change, Japan will demonstrate its leadership towards the creation of a new framework.

158. Completely new international framework for reducing greenhouse gases

To overcome the stagnation of the international negotiations on the Framework Convention on Climate Change, we will propose a global framework to reduce greenhouse gas emissions.

To contribute to the application of state-of-the-art greenhouse gas reduction technology in Africa, the expenses for introducing bio-technology and state-of-the-art technology will be compensated by a new fund (Earth Relief Fund (provisional name)).

The fund's financial resources can be covered by establishing carbon taxes or international solidarity taxes that do not change competition conditions among different countries. As a result, strong incentives to introduce state-of-the-art technology in developing countries will be possible, without burdening developing countries with financial debts.

Page 27

159. Reduce greenhouse gas emission by 15% in 20 years

We established the "Law for Promoting a Low Carbon Society" to create an equitable and effective post-Kyoto⁴⁵ international framework and with the participation of major economies to realize our long-term goals. We aim to realize a low-carbon society with 80% reduced greenhouse gas emissions and a 15% reduction (reduction of domestic emissions) compared to 2005 as a medium-term target until 2020. Also, we will create new industries and employment, strengthen the international competitiveness of those and further secure energy security to not lose significant employment opportunities. Based on this, we will push forward to create a low-carbon society as a new civilized society.

160. 20% renewable energy

We aim to raise the proportion of renewable energy to 20% of the overall energy consumption by 2020.

⁴⁴ Short form for „Domestic Violence“. Domestic violence is mostly carried out in families by spouses, partners, parents, children, brothers or other relatives.

⁴⁵ The Framework Convention on Climate Change sets „new targets“ to reduce global greenhouse gases from 2008 to 2012 as a post Kyoto Protocol.

To achieve this, (1) we aim to recapture the world's top solar photovoltaic power generation, introduce a fixed price system for renewable energy and install solar panels at all public facilities to expand solar power to 20 times of the current level. (2) While fully paying attention to the natural environment and landscape, we will promote geothermal power plants and cut regulations to allow geothermal power plants to be installed in national parks. (3) We promote the sophistication of electric power systems. (4) We promote the use of renewable energy by people and businesses.

We will also promote the expansion of biomass energy that will effectively utilize waste and the development of wind power and small hydroelectric power methods.

161. Nuclear policy

In order to solve the problem of global warming, nuclear power is indispensable because it does not produce global warming gas. Therefore, we will develop a system responding to Japan's energy security and meeting the demand without causing environmental problems.

Meanwhile, we will maintain inspections and national safety reviews to be able to supply the future energy demand and strengthen the development of international nuclear technology in Japan as well as improving the ratio of nuclear power to the amount of power generation.

We review the organization and promote internationally trusted nuclear policies. To further promote the thermal project⁴⁶, we will continue our efforts to gain public understand for the need to establish a system for the disposal of nuclear fuel⁴⁷ and high-level radioactive waste⁴⁸.

162. Policy for energy security

Most of the energy consumed in Japan depends on imports. Naturally, the Japanese economy is heavily influenced by global energy trends such as crude oil prices. It is to be remembered that the surge in global oil prices of last year casted a shadow over the Japanese economy. Since Japan has only few own resources, energy security is one of the big challenges.

Therefore, we will improve the energy self-sufficiency rate (now 18%, including nuclear power) from 30 to 40% until 2030 and expand the ratio of renewable energy⁴⁹ from 34 to 50% in 2020 and 70% in 2030.

163. Securing basic energy resources such as oil, coal and natural gas

To secure fundamental energy resources like coal, natural gas or petroleum, we will develop a strategic resource diplomacy to support advanced technology in Japan and we will establish a structure capable of coping with fluctuations in resources. To realize the "low carbon society", we

⁴⁶ The thermal project plan aims to burn „MOX fuel“ mixed with oxides of plutonium and uranium created by reprocessing spent nuclear fuel at ordinary nuclear power plants. It plans to effectively use uranium and is an international pledge not have a surplus of plutonium that could be used for nuclear weapons.

⁴⁷ Describes the reuse of nuclear fuel from used up power generator at nuclear power plants via the refinement and enrichment of uranium and the processing nuclear fuel (combination of fuels). Also involves the disposal of radioactive waste so that it can be used for various means.

⁴⁸ Generic name for waste containing radioactive substances. These are mainly emitted from nuclear facilities, facilities related to nuclear weapons, laboratory facilities using radioactive isotopes and gamma ray sources from hospitals.

⁴⁹ An energy source (or generated energy) that is derived from the energy flow and repeated in the natural world and regenerated at a speed equal or higher than in nature.

will not only work on strategically securing fossil fuels, but also utilize Japan's outstanding advanced energy technologies to develop an industrial sector for energy. We will aim for a more efficient supply, demand and change of fuels. LP gas can contribute to the realization of a low-carbon society since it is low in CO₂ emissions. Therefore, we will encourage the introduction of high-efficiency gas applications and LPG vehicle and boost fuel transformation.

164. Measures against fluorocarbons

CFCs, which are the cause of global warming, will be eliminated to reduce emissions and we will develop alternative substances and products using sustainable substances.

Page 28

165. High-speed eco cars and modal shift

We will promote a subsidizing system for eco cars which are friendly to the environment. Along with the automobile green tax system, we will increase the demand to one million units per year and will promote that one out of two new cars will be an eco car by 2020.

We are committed to contribution to global warming countermeasures, such as mass production of electric vehicles which will lead the development of the Japanese economy and we will promote the world's fastest eco car such as electric or hybrid cars.

The modal shift (from automobiles to transportation with less greenhouse gas emissions) will be realized by dispatching goods by railroads or ships, creating convenient public transportation facilities and improving sidewalks and bicycle paths.

166. Construction of eco houses

By 2030, 80% of new houses will be eco houses⁵⁰ and also public buildings will be eco houses saving energy and accelerating the zero-emission of buildings.

167. Mechanisms to achieve a low carbonization country

We will support the economy to incorporate the low-carbon ideal and take regulatory measures to promote emission reductions in all socio-economic sectors. We will decide on a policy to take necessary measures regarding emissions trading and evaluate implementations related to greenhouse gas emission in Japan. To promote low carbonization and still take the impact on the international competitiveness of our national economy and industry into consideration, it is necessary to reconsider the inclusion of an environmental tax into the tax system and change living behaviors of the society and economy. We will promote an overall greening of our tax system.

168. Environmental businesses

To contribute to the preservation of the global environment while also contributing to superior environmental technologies and businesses, we will financially support the development of new technologies and their export and guarantee investments and loans for environmental businesses. We will promote the creation of new businesses helping to reduce greenhouse gas emissions.

⁵⁰ Housing with reduced burden on the environment. It is also called environmental symbiosis house, ecological house, etc.

Furthermore, we will promote widening the eco-point and the “visualization” of environmental information of products and services so that environmental performance will be an important ideal in the market.

In addition, we will attempt to promote a “carbon offset” system as a new environmental business model so that citizens and business operator will offset their own CO2 emissions.

169. Carbon dioxide offset during the House of Councilors election

The Liberal Democratic Party candidates will offset the amount of carbon dioxide emissions during their campaigning activities.

170. New environmental targeting policy

We will select a technical development field that is expected to produce a huge demand as a national project such as storage batteries, fuel cells, next generation cars or smart grid⁵¹.

We will also publish energy-saving technologies which are the strength of Japan. For example, we aim to disseminate advanced technologies for excellent energy efficiency of the Japanese manufacturing industry, including the steel and iron industry, via thermal efficiency, heat pumps, electric vehicles or storage batteries. We will also promote CCS (Carbon Dioxide Separation Storage)⁵². By developing new technologies, we will contribute to the worldwide carbon dioxide reduction.

171. Low-carbon society and environmental education

The low-carbon society will be realized via the 10-year plan of education on sustainable development (ESD). We will contribute to the development of human resources in Asia.

Furthermore, we will promote education and learning on environmental conservation (environmental education), enhance public relations activities and support grassroots activities. In particular, in order to enhance environmental education at home, school, workplaces and all other places, we will promote new teaching materials, the development of human resources, environmental friendly school facilities and improve learning about the environment.

We will also revise the Environmental Education and Environmental Conservation Promotion Act as the foundation to promote environmental education and environmental conservation activities and enhance environmental education at schools.

172. National campaign

Deepened relationships between business operators and citizens are important to create a low-carbon society. We will raise a national campaign to construct the low-carbon society by voluntary actions of each citizen and a change of business style. It will entail various public relations events and will use 7th July “Cool Earth Day” every year.

⁵¹ An electric grid that enables the optimization of electric power supply without supervision by installing measuring instruments etc. It is equipped with artificial intelligence and communication functions and automatically adjusts the supply and demand of electricity.

⁵² It is possible to artificially gather carbon dioxide released into the atmosphere as CCS (Carbon Dioxide Separation Storage) gas or just before it is released. It is contained in the underground or water.

173. Adapting to global warming

In order to promote measures for adapting to global warming, we have to implement the preservation of biodiversity, the life and health of people and the living conditions in a comprehensive and systematic manner while also maintaining the productive capacity of agriculture, forestry and fishery, and improving social capital.

In particular, we will improve the observation and monitoring system concerning the impact of global warming and will also promote the protection of biodiversity, the prevention of infectious diseases, the improvement of agricultural crops and the prevention of damages from floods, storm surges, droughts or sediment disasters as systematical measures to adapt to global warming.

174. Disclosure of information about greenhouse gas emissions

We will develop and enrich statistics on greenhouse gas emissions and the progress of measures necessary for a low-carbon society and immediately publish the results.

Additionally, we will promote information disclosure on greenhouse gases emitted by business activities that take all aspects of a low-carbon society into consideration.

175. Green ICT

By using information communication systems, we promote the reduction of greenhouse gas emissions, an adequate use of energy or traffic and will rationalize the distribution, production and consumption of goods.

176. International leadership on COP 10

In pursuit of the success of the COP 10 (the 10th Conference of the Parties to the Convention on Biological Diversity) to be held in Nagoya, Aichi Prefecture, in 2010, we aim to demonstrate international leadership and become a developed country that ensures biodiversity.

177. Mechanism to regain a rich natural environment

We will try to create a mechanism to revive the forest of which party were lost during the war and secure biodiversity to resurge the forest in our birthplace while acting on the declining population.

For future town planning as well as infrastructural and regional development, we have to take measures to preserve the environment in an era of a declining population. In addition to promoting a compact and environmental community development, we will revitalize forests and undeveloped woodland near populated areas and secure biodiversity. By doing this, we will create sustainable urban living spaces in the 21st century where cities and national environment coexist.

178. Realizing national parks to secure biodiversity

Based on the revised national park law which was established in May 2009, we will promote national parks representing our beautiful country and make Japan more attractive while maintaining and recovering ecosystems.

In addition to setting up national parks to preserve the natural environment, we promote ecotourism, the protection of hot springs and rangers (nature conservation officer) and involve NPOs into the project of protecting our environment.

179. Protecting and managing rare fauna and flora

We will work on widespread responses across prefectures to protect and control wild birds and animals as to not damage agriculture and ecosystems. Also, we will try to prevent rare species such as *toki* from returning to the wild to prevent damages to ecosystems by alien species.

180. A society coexisting with animals

We will revise the “Animal Welfare Management Law” to eliminate the “mass killing of dogs and cats” and will maintain stray dog facilities to create a society coexisting with animals.

181. Creating a recycling-oriented society that makes use of local resources

We will accelerate our society to be a recycling-oriented society and will leave no “impious” mind and will therefore promote the “3R” efforts: reduce, reuse and recycle. In cooperation with the government, municipalities and other organizations we will promote the reuse of wastewater and biomass for energy generation as well as cooperative networks on low-carbon recycling.

182. Domestic wastewater measures and eradication of illegal dumping

As effective domestic wastewater measures, we will promote the dissemination of merger septic tanks and improve the system to optimize water management while obtaining the understanding of municipalities and other entities.

To ensure proper disposal of industrial waste, we will also promote the prevention of illegal dumping in order to protect the beautiful landscape of Japan.

Page 30

183. Children’s health and environment

It is a basic duty of any government to preserve a safe and affluent environment that allows people to live in peace. Therefore, we will attempt to minimize the impact of chemical substances on the environment so that the nature is preserved for children and future generations. We will also promote safety assessments on chemical substances, by taking international trends into account.

184. Conservation of a safe environment including the atmosphere, water and soil

Regarding environmental preservation, we are dealing with new issues like fine particulate matter (PM 2.5), photochemical oxidant as well as poor oxygenation of the bottom layers of lakes and bays. We are required to address these issues. In particular, we will try to revitalize the lake environment in accordance with the creation of coastal areas with abundant natural blessings (so-called *satoumi*) while keeping in mind specific characteristics.

Based on the Coastal Area Disposal Act, we will promote countermeasures in prioritizes areas to ensure an intact marine environment. Additionally, we will steadily implement countermeasures and a law against soil contamination by, for example, factories.

185. **Steady implementation of pollution countermeasures**

We will steadily implement pollution health damage countermeasures like taking measures against asbestos and supporting asbestos victims to solve health problems.

We will continue to promote necessary countermeasures such as environmental investigations on the elimination of domestic poison gas.

186. **“Greening eco point system” to promote greening of privately owned land**

To promote the greening of privately owned land and urban parks (planting in privately owned land, planting lawns, roof or wall greening), eco points according to the type of planting and the age of plants will be given by implementing a “greening eco point system”. This system will give points every year according to the specific planting and will grant reduction on utility fees.

Page 31

Rebuilding diplomacy and building world peace

Protecting the people’s lives and wealth is the primary obligation of our nation. We will strengthen the protection of our country and build world peace. We will promptly restore the trust in the relationship between Japan and the United States and will maintain peace in the Asian-Pacific region by maintaining and deepening the Japan-US alliance as the basis of Japan’s diplomacy.

187. **Rebuilding a strong Japan-US alliance**

The Japan-US alliance is the cornerstone of Japan’s diplomacy as well as the cornerstone for peace and stability in the Asian-Pacific region. Due to the stagnation of diplomacy by the DPJ government, the trust in the relationship between Japan and the United States is greatly impaired. We will continue to make efforts to strengthen the effectiveness of Japan’s defense capability by preventing a further weakened alliance, maintaining deterrence capabilities and restructuring the US forces in Japan to reduce the local burden, for example, on Okinawa. In addition, we will promote cooperation in a wide range of fields such as security, politics, economics, disaster prevention, health and medical care, education and environmental problems to further deepen the Japan-US alliance.

188. **A free, rich and stable Asia**

We will strive to promote friendship and cooperation with neighboring countries to realize a rich and stable Asia. We will build a broad cooperative relationship with China, South Korea and the ASEAN countries that will contribute not only to bilateral relationships but also to peace, stability and development in Asia and the whole world.

In order to strengthen Asia’s economic power from a medium- to long-term perspective, we aim at wide-area development (smooth flows of human resources and money) and will contribute measures to expand domestic demand in Asia.

189. Resolving the abduction issue

Abduction is a serious crime committed by states. To ensure all abducted people can return to their home and to thoroughly investigate the truth and indict offenders, it is necessary to fortify a full ban on “people trafficking”, to fully suspend remittance, to strengthen sanction and to offer investigations of specific missing people aside from government certifications.

On the premise that we will not economically support North Korea unless specific progress is made toward the resolution of the abduction issue, we strongly urge North Korea to redo a full investigation of the abduction issue and we will realize the return of all abducted victims.

190. Prevention of North Korea’s nuclear program

Aside from the abduction issue, nuclear and missile issues are of fundamental concern. North Korea’s nuclear tests and missile launches are serious threats to Japan’s security and we will take actions based on resolutions of the UN Security Council and in consent with other concerned nations to continue measures against North Korea.

191. Striving to solve territorial issues

Since we want to protect the territory of our country, we will continue to tenaciously negotiate with an energetic and strong will for a peaceful resolution of the problem of the Northern Territories and Takeshima, since these areas are still illegally occupied. There are no territorial dispute in the Senkaku Islands but since the East China Sea issue exists, we will continue to make resolute efforts to make the East China Sea “a sea of true friendship”.

As a premise, we will advance our national campaign and strive to advertise awareness on territorial disputes.

192. Securing marine resources and marine interests

Based on the “Basic Law of the Sea” formulated by our party, we will secure our country’s marine interests including the promotion of the development and use of marine resources and the development of Exclusive Economic Zones. We promote intensive development and use of resources while promoting environmental conservation and harmony and support our marine industry so that we truly become an ocean ruling country.

193. Anti-piracy measures

For Japan, navigational safety and maritime security are directly linked to the prosperity of our nation. To protect the life and property of Japanese citizens, countermeasures against piracy are urgent. We have worked on countermeasures against piracy by strengthening the maritime enforcement capacity of coastal nations, but we will continue to intensively work to counter piracy in Somalia and the Gulf of Aden in cooperation with the international community.

194. Fight against terrorism

Our Supply Assistance Activities⁵³ in the Indian Ocean are part of the “fight against terrorism” in cooperation with the international community and the support to rebuild Afghanistan. Supply support activities implemented by Japan are an important foundation for international maritime activities in the Indian Ocean and have received high acclaim from each country. Moreover, those activities not only contribute to the interests of the international community but also to the national interests of Japan by securing important sea routes connecting Japan and the Middle East. Our party is against “check diplomacy”. As a member of the international community, we will aim to establish the “Special Measures for Supply Support Law” in order to immediately restart the supply support activities in the Indian Ocean.

195. Nuclear disarmament

We will take the initiative to strengthen the international disarmament and non-proliferation regime. We will promote realistic and concrete efforts especially concerning nuclear disarmament. Also, in order to maintain security, we will start a fundamental discussion on our “nuclear deterrence policy” and establish our basic policy.

196. Contribution to the international community and reform of the UN Security Council

We want to improve the decision-making and effectiveness of the UN Security Council as a country with the intention and ability to reflect the composition of the permanent members of the Security Council which should be more accurately reflecting the current international community. We want to play a major role in maintaining peace and security in the international community. We will continue to work toward an early realization of the “Security Council Reform” to enter the council as a permanent member.

197. Enhancement of ODA and support for developing countries

Official Development Assistance (ODA)⁵⁴ is an essential measure to realize diplomatic means. While striving for a strategic implementation of ODA, we aim to expand both the “quality” and “quantity” of ODA, based on Japan’s responsibility as a developed country, to achieve the Millennium Development Goals.

In addition, we will continue to strengthen cooperation with the private economy and NGOs. We will resume JICA’s investment and promote ODA loans. We will also encourage the advancement of Japanese companies abroad as the primary task of diplomatic missions and we will do our utmost to provide support for companies like networking of providing information.

⁵³ In response to the terror attacks on September 11th and the retaliation of Afghanistan, we dispatched 32 maritime troops, supply ships and escort ships between 2001 and 2010.

⁵⁴ Official Development Assistance (ODA) is aid and investment by governments of developed industrial countries to developing countries for international contribution.

198. Enhancement of external dissemination

We will establish a mechanism to maintain smooth relationships with ODA receiving countries. We will deepen mutual exchanges with Islamic and African countries and will keep on playing our unique role.

We will strengthen Japan's soft power by promoting strategic dissemination, intellectual exchange and science and technology diplomacy while enhancing the export of our outstanding legal and health care system. At the same time, we intensively strengthen the communication on foreign policies, release information and strengthen interpersonal networks or think tanks.

199. Strengthened efforts on global issues

We will strengthen efforts on global issues like climate change, global warming, new types of influenzas, water and sanitation or food problems and will improve health systems.

200. Enhancement of resource diplomacy

We will focus on "resource diplomacy" and use diplomatic tools like ODA to diversify supply sources and strengthen relationships with major resource supplying countries. Particularly in Africa, we will steadily implement international commitments of doubling our ODA and private investment to demonstrate leadership on different issues such as economic growth, the establishment of human security and the protection of the environment.

201. Free Trade

Overcoming the current economic and financial crisis is an urgent issue for the international community and Japan. It is important to stop the deterioration of the economy, firmly oppose protectionism⁵⁵ and ensure the stability and recovery of the world economy.

In response to the economic and financial crisis, Japan will actively take domestic economic measures and will demonstrate international leadership in strengthening the financial foundation of international financial institutions and support Asia with ODA. We will also call on countries to avoid protectionism and we will continue to negotiate with the WTO Doha Round to settle economic partnership agreements and investment treaties. Regarding agricultural negotiations, we aim to establish rules that enable the coexistence of diverse agricultural activities in each country and a sustainable use of forestry and fishery resources.

202. Strengthening the diplomatic system

In the ever-changing international society, it is necessary to further strengthen a comprehensive diplomatic system to secure peace and prosperity while taking Japan's national interests into consideration. Therefore, our party has compiled the "10 Point Action Plan to Strengthen Comprehensive Diplomatic Capabilities 10" (nurturing human resources to become a cornerstone of diplomacy, realizing the 150 embassies systems, introducing medium-sized embassies, improving

⁵⁵ Protectionism is an idea and position to protect domestic industries by restricting imports and custom duties.

the diplomatic facilities abroad and securing local staff). We will also continue to protect Japanese nationals.

Page 33

203. Develop diplomatic lawmakers

We will develop diplomatic lawmakers to broaden and deepen the international relations of Japan.

204. Strengthening personnel and budget to adapt to a changing security environment

Japan's security environment has undergone significant changes, due to North Korea's nuclear tests and missile launches, the Chinese military buildup or the restructured Russian military. We will propose a new defense plan, which is reduced in scope due to paragraph 9 in our constitution, to verify the necessary and appropriate "quality" and "quantity" of personnel and budget to improve our defense capabilities. In particular, based on the fact that the satisfaction rate has been restricted to 90% due to the personnel cost reform and the shortage of "employees" in our units, we will review the "Administrative Reform Act" applied to the SDF personnel and will improve the respectful and appreciating treatment of the SDF personnel.

205. Make Japan a production base for future technology to maintain and strengthen defense technology

We will promote a drastic reform on the domestic defense industry including diversifying and privatizing the production to make Japan as a production base for this sector. In accordance with our national defense policy, we will promote voluntary technical research and development for new equipment especially regarding the Japan-US joint development and production.

We will establish a mechanism to determine weapons export permissions based on the principles of the United Nations resolution which prohibits exports to countries supporting terrorism, international conflict parties, banned countries and countries with insufficient export control. Weapons exports are subject to specific permission criteria called "guidelines for export control on weapons and related technology and goods" and we will strictly follow them.

206. Reducing the burden on residents living close to military bases

Based on the fact that various burdens are imposed on the residents living close to military bases, we will promote different measures, like the consolidation and reduction of US military personnel, in Okinawa to improve the living conditions for residents. In particular, we will take special efforts relevant for local governments who suffer from those bases.

207. Basic Security Law

We will establish a "Basic Security Law" based on the right for collective self-defense, pacifism, rule of law and civilian control. By doing so, we will position the SDF as the foundation for security, strengthen the importance of the SDF, establish a legal basis for the use of weapons and review already existing defense policies.

208. A strong Prime Minister for military intelligence

In order to strengthen the function of the Prime Minister concerning diplomacy and security, a “National Security Council” will be established in the Cabinet. We will strengthen the nation’s information gathering ability and analysis capability. We will improve the information security system and protect the public’s safety via accurate information.

209. New threats to the Japanese defense

To fortify our defense capability, we promote the deployment of a ballistic missile defense system with high responsiveness and effectiveness and measures against terrorism and guerilla fights. We will also strengthen countermeasures against NBS (nuclear, biological and chemical) weapons, new influenzas and cyber-attacks⁵⁶.

210. International Peace Cooperation Act

Special laws, like the “Supplementary Support Law or the Iraq Humanitarian Reconstruction Assistance Law but the “International Peace Cooperation Act”, did not enable the quick dispatching of the SDF abroad to contribute to global peace building. Based on the experiences and lessons learned from the activities of the international emergency relief teams, we will organize related laws to realize a more flexible and effective dispatching. While considering national interests and international cooperation, the Self-Defense Forces will be dispatched for the UN PKO or anti-piracy missions in the Gulf of Aden and off the coast of Somalia.

211. Revision of the Self-Defense Forces Law to evacuate Japanese nationals overseas

We will revise the “Self-Defense Forces Law” to be able to evacuate Japanese nationals in foreign countries in case of emergencies.

Page 34

Creating the world’s leading “educational nation Japan”

Since educational rejuvenation is connected to the pride of Japan, we will provide children with world-class academic ability and a normative consciousness so that no student will fall behind. Against the educational policy of the Democratic Party by which unease spreads among people, since it is void of any ideals and entails a biased deviation of education, we will promote education to raise “human power” by “educational revitalization”.

212. Education combining global top-level academic abilities and normative consciousness

Based on the “Basic Education Law”, we aim to spend 5% of the public budget for education – as much as all other OECD countries – to ensure the “Educational Promotion Plan” and the “New Guidelines for the Course of Study”. We will restore the nationwide academic achievements and learning situation survey to investigate all problems of children and to improve the guidance of schools, faculties and staff. We will also reimplement lessons on Saturdays.

⁵⁶ Cyber Attack refers to terrorism conducted on networks.

We implement the public display of respect for our national flag and anthem at schools and promote education to nurture sovereign students who are the future of our country. We will not support extensive gender education or gender free education⁵⁷ as well as a biased historical education. We will establish a new course called “community/society” to promote moral and consumption education for citizens. Volunteering and internships will be compulsory at junior and senior high schools to cultivate social minds. We will promote experiential learning in the fields of agriculture, fishing by visiting mountains and rural areas.

213. New educational reforms to respond to a turbulent are

In order to become the world’s top level educational nation, it is necessary to provide free education, to introduce a new curriculum system for fifth and sixth grade elementary school students and to examine the philosophy of high schools, including compulsory education. We will examine the current six-three-three-four system and carry out the “Great Heisei school reform” corresponding to the new era.

We will implement “High School Graduation Exams” to ensure academic abilities. At the same time, we will revise the university entrance exams. For example, the entrance exam at the University of Tokyo shall be conducted on the premise of training human leaders. We will introduce a social system for people to reenter university to guarantee opportunities for career advancement.

214. Realize a society where education leads to possessing dreams and peace of mind

We will improve faculty and staff qualifications in order to provide high quality education and detailed guidance. To prevent regional disparities from occurring, we will consider compulsory education by trying to standardize the education system.

We will do our best to tackle issues such as the “obligation to safety”. We will realize an educational system with only 65.000 high school dropouts and 170.000 students not attending high schools. To enable children and students in need of public assistance to attend high schools, universities, vocational schools or other various schools with peace of mind, we will establish a new schooling support and scholarship⁵⁸ system, especially to cover the tuition of private school for low-income families. We will do our best to support the dreams of children who are motivated regardless of the economic situation of their families.

215. Correcting inequality between public and private schooling – enhancing subsidies

In consideration of the importance of both private and public education and while supporting the construction of private schools, we will fully realize the objectives of the “Private Schooling Funding Act” (maintenance and improvement of educational conditions and the economic situation of schools). We aim to eliminate disparities between the public and private sector by significantly expanding subsidies.

⁵⁷ Education that denies differences between men and women.

⁵⁸ Scholarships without the obligation to pay back the benefits.

216. Three “New Education Acts” to ensure political neutrality of education

Penalties are set up for the violation of the “Education Civil Service Law” to ensure political neutrality of faculties and staff unions (like the Nichiren group) and to prevent illegal activities such as election campaigning. The income and expenditure report of faculties and staff unions shall be obligatory and illegally active groups will be excluded as registered entities and from public funded resources specified by the “Local Public Service Act”. We will revise the law to enforce the “Law on Securing Political Neutrality of Education at Compulsory Education Schools” and oblige the Board of Education to conduct necessary surveys.

Furthermore, we thoroughly investigate violations of the political funds control law conducted by teachers and staff unions in Hokkaido, Yamanashi or Kanagawa and call for a national debate on political neutrality and the standardization of education.

Page 35

217. Enhance the quality of teachers and support hard-working teachers

We will certify excellent teachers, establish a clear salary system, build an educational system for teachers to concentrate on children and thoroughly support truly committed teachers. We eliminate the intervention of teacher and staff associations into faculty personnel affairs by giving the board of education this responsibility and thereby realize a balanced teacher placement.

To improve the quality of faculty staff and maintain as well as improve the educational standards, we will correct operational problems in the teacher license renewal system and design effective institutions. Otherwise the decline in the teaching abilities of faculties cannot be handled.

218. A safe and secure school environment

The DPJ government reduced the budget for earthquake resistance and maintenance of schools by one third to secure a source for free high school tuition fees, but our party strictly opposes this and decided to use government funds for this. We will promote measures for earthquake resistance and the maintenance of schools (since nearly 50% of the buildings are over 30 years old) and will implement the “PTA – Youth Educational Organization Aid Act” as a mutual aid system. We will continue to work on safe and secure schooling facilities.

219. Improving free early childhood education

Early childhood education is important to cultivate the formation of individual personalities. We guarantee high quality education for all children and will implement free education for children from 3 years to elementary schools in private kindergartens, nursery schools and certified kindergartens.

To respond flexibly to a diversifying education and the need for child care before preschool, we will enrich the educational functions of kindergartens, nursery schools and certified kindergartens.

220. Improve reading skills by Japanese language education

The Japanese language is the foundation of learning all other subjects. It is necessary to further improve Japanese language education in elementary, junior high and high schools to improve thinking abilities, judgement, verbal expression, reading comprehension and to develop knowledge

alongside other skills. Therefore, we improved Japanese language classes into “lectures to nurture children’s language skills” based on the principle “listen → think → learn” recommended by the OECD/PISA survey.

221. Practicing foreign languages by an improved foreign languages education

The enhancement of teaching foreign languages is already formulated in the “Basic Educational Promotion Act” and the “New Guidelines for Course of Study” will be fully implemented by elementary schools in FY2011 and middle schools in FY2012. As a result of the conference on “business classification”, the “Comprehensive English Language Education Reform” was abolished and the budget was drastically reduced by 74,3% in comparison to the previous year.

However, “English textbooks” are used especially in towns and villages where no foreign language teaching assistant (ALT) are located and it is said that “foreign language activities cannot be implemented in FY2011”. Our party will continue to enhance foreign language education via foreign language activities.

222. Significant enhancement of science and talent education

In order to increase the number of children who like science and mathematics which are core subjects, we will greatly enhance mathematics education by including external human resources into the Faculty of Science and Engineering and will include experimental classes while also improving the leadership skills of math teaching personnel. Even if the “Project to Support the Placement of Science Personnel” was abolished, our party will continue to support this project to improve faculties.

We will strengthen our talent education to cultivate superior qualities and children with the opportunity to become world leader. In addition to further expanding “Super Science High Schools”⁵⁹, we promote a significant increase in the number of students participating in the International Science Olympics and expand international exchange opportunities.

223. Japanese education that enables true friendship with foreigners

Even if children of foreigners attend public schools, there are indications that some do not since they do not understand the Japanese language. We will establish a detailed admission system according to language abilities and employ Japanese instructors. The system to teach Japanese to foreign adults is not well developed. To secure a sufficient quality and quantity of Japanese language education for foreigners, it is necessary to expand opportunities to learn Japanese and to continue the “Japanese language education project for foreigners”. We will implement and enrich this system. Our party opposes to simply give money to foreigners like the Democratic Party is prone to do, but we will also create an environment that can foster true friendship with foreigners.

⁵⁹ A system of designated schools that emphasize science, technology and mathematics implemented by the Ministry of Education, Culture, Sports, Science and Technology.

224. Special education that cherishes everyone's individual strength

We will enhance the pluralization of school nurses and teachers, strengthen the function of educational special support coordinator⁶⁰ and their placement at high schools, examine the actual situation of disabled children, study the usage of technology, like ICT, as teaching material, implement a high school entrance exam considering disabled students, improve the course guidance at middle and high schools, give practical guidance in cooperation with special support schools and the industry, promote the employment of disabled people and promote special support education at affiliated schools and national universities to promote appropriate education for disabled children.

Page 36

225. Education with diverse options

In addition to ordinary high schools, we will establish special high schools for vocational education to diversify options and expertise without overwhelming students.

Based on the accomplishments of vocational schools, we will establish higher education institutions specialized in vocational education based on the "School Education Law". We will fully recognize the significance of various vocational schools and aim to fill the gap to other school groups and aim to provide financial and public support to enhance their educational function.

226. Promotion of the higher education and university policy

By introducing a private enterprise style management to the University of Tokyo, Kyoto University and others and make them "super universities", we aim to include five private schools in the 30 world's best school ranking and three colleges and universities in the 10 world's best university ranking. Enrollment at universities will be in September to meet the international standard and three months after high school graduation to give time to gather social experience in a volunteer activity period.

We will promote fair higher education and university promotion measures like the examination of the "Higher Education Agency". Approximately 80% of the university's income is private student payment so the financial burden on students is heavy. Therefore, we will reconsider the expenditure scheme of scholarships for public and private universities and restructure the mechanism of fiscal expenditures. We promote active regional cooperation between universities, regional/local societies and the industry.

227. Securing fundamental budgets for universities

Universities with diverse human resources conducting education activities and research are the foundation of science. But in recent years, the expenses to support stable education and research (national university corporation subsidies for administrative expenses, facility maintenance expenses and subsidies for private schools) are declining. By this trend, a great deal of difficulties arises in

⁶⁰ An educational special support coordinator is a key person at each school who coordinates people and institutions involved in educational support. The coordinator is responsible for the communication with related institutions like welfare or medical institutions and the consultation of schools to parents. It is required to nominate a coordinator at all schools for blind or deaf children at nursing, elementary of junior high schools.

maintaining the number of faculty and management members in operational faculties. Therefore, we will secure those fundamental expenses to strengthen science in our country.

228. Reform of graduate schools

Regarding graduate schools, we promote close cooperation with public research institutions and other organization engaged in human resource development and we will strengthen intensive human resource development at graduate schools, promote active human resource training by various options and will strengthen the education and research conducted at graduate schools.

We will improve the support for universities to promote the formation of world leading graduate schools, to conduct high quality education and research at universities and to conduct world-class education and research in specialized fields. To eliminate redundant educational research, we will promote the reform of academic institutions divided by academic disciplines.

Page 37

229. Promotion and Realization of the Okinawa Science and Technology Graduate University

Based on the severe economic and social conditions, we aim to build an independent economy following the Okinawa Promotion Plan. Taking advantage of Okinawa's attractiveness and superiority, we will promote initiatives that encompass the further promotion of various industries such as tourism, information or telecommunication, while also developing human resources and creating employment. We will also promote reactivating remote islands and intensified social capital development. In addition, we are steadily preparing the opening of the "Okinawa Science and Technology Graduate School" in FY2012 to establish the world's highest level of educational research. This will contribute to the independent development of Okinawa and contribute to science and technology worldwide.

230. Support for doctoral students and young researchers

We will expand subsidies for admission fees and tuition expenses by creating new scholarships, enhance teaching assistants, expand economic support for doctoral students and generally improve the environment for all students to enable them to learn with confidence. We aim to increase the number of positions offered to young researchers and diversify their career paths to let them become active professionals involved in research in industrial sectors or intellectual property management. We will support opportunities for public research institutions to develop specialized human resources and target postdoctoral fellows and expand employment opportunities.

We will create a new research funding system by which young researchers can devote themselves to independent research and their "specialized projects".

231. The "300.000 international students plan": promoting international exchange students and researchers

By aiming to realize the "300.000 international students plan" in 2020, we will acquire excellent international students while paying attention to each country, region and field.

It is often pointed out that Japanese students and young researchers are domestically oriented. But in order to strengthen the training of superior human resources actively participating in the world, we will expand opportunities for university and high school students to study abroad. We will promote the obligation of researchers to go abroad and greatly expand their opportunities to do so. To develop world-class educational research, it is indispensable to accept excellent researchers from overseas and work on collaborative research while also enhancing scholarships and improve the system of host institutions.

232. Establishing the “Sports Act” to realize a “sports nation”

We see sport as a national strategy and therefore will establish the “Sports Act” as well as a sports agency and ministry for sports.

In order to activate Japanese athletes for the Olympic Games, we will promote various measures to improve international competitiveness and work on the 2020 Olympic and Paralympic Games campaign. Additionally, we will do our utmost to succeed in the 2019 Rugby World Cup and will hold the 2022 Soccer World Cup.

We will promote efforts to improve the physical fitness of children by enhancing physical education and the exercise departments at schools to achieve national strength and athletic abilities. We will promote various kinds of sports by projects such as the National Sports Competition Festival, Regional Sports Clubs or the Teacher Training Project and promote sport as part of the citizen’s lifestyle.

233. Enhancing the sports promotion system

To secure more financial support for sports, we will consider making designated donations with tax resources. To realize lifelong sports promotion and improve competitive skills, we aim to further enhance and revitalize sports related organizations and will try to secure human and financial resources to guarantee second career paths for athletes after retirement.

Page 38

Since golf was established as a national lifelong sport, we will consider using taxes for golf courses.

234. Creating a proud “cultural and artistic country”

In order to disseminate Japanese culture strategically abroad, we will promote Japanese media art brands, such as animation, and improve the conditions for producing departments. We will prioritize cultural exchange of fine arts and open overseas Japanese language education facilities in 100 places. To promote the release of foreign art in our country, we will establish the “Act on the Public Promotion of Foreign Art”.

We will support “cultural art creating cities” throughout our country where the creation of creative cultural arts can lead to the revitalization of industries and regions. Also, during educational periods, all children will be able to appreciate and experience high quality cultural art (traditional or contemporary culture).

235. Support cultural and artistic activities to let future generation inherit cultural assets

We will provide more support for cultural and arts organization to nurture professional personnel and motivate their activities.

We will consider tax incentives to foster cultural donation. In Tokyo, traditional performing arts are highly appreciated and managed but not in the Kansai region. Therefore, we will consider establishing an institution for “National Traditional Performing Arts” (provisional name) in Kansai (Osaka). We will aim to establish the “Theater Law” to develop experts of performing arts and support organizations, theaters and music halls.

We will promote disaster prevention measures to protect cultural buildings from earthquakes or fires. We will support the creation of video recording (digital data) to let future generations inherit valuable folk culture properties.

236. Creating a “place” for the world’s cultures to shine and interact – Japan as a cultural platform

Throughout our history, we have constantly developed new cultural trends by incorporating other cultures and fusing those with our culture. Using this power of the Japanese culture, we will create a “place to encourage people to cultivate a country with an open culture” and develop a “place” where cultures from all over the world can interact. We will promote measures to make “Japan a cultural platform”.

237. Developing a nation “driven by science, technology and innovation”

We aim to implement the “4th Science and Technology Plan” to let the budget for research and developmental investment exceed 25 trillion yen in order to create a nation “driven by science, technology and innovation”.

To constantly create world leading assets of knowledge, it is essential to further promote research conducted by creative researchers who receive substantial subsidies. We will expand the diversity and continuity of research results generated by subsidies for scientific research and will examine competitive funds to enable creative research projects and link those to the creation of new intellectual assets and innovations. At the same time, we will provide 30% of the expenses for all competitive funds.

238. Institutional reform for innovations

We strongly promote reforms on regulations and social systems that are the cornerstone of innovations such as the tax system reform (including the R&D tax system or angel tax system reform), systematic reforms to enhance the support for venture businesses or the reform of the intellectual property system. As each country aims to acquire international standards as soon as possible, we will implement strategic international standardization of activities by public-private partnerships, especially in cooperation with other Asian countries.

We will strengthen our overseas export and the development of public private partnerships cooperation including Japan's integral system of construction, human resource development or excellent technology like water systems and core infrastructural facilities like nuclear power plants.

239. Formation of a worldwide R&D base

To create innovations, it is necessary to build a "place" where universities, public research institutes and industries gather and collaborate on R&D. In particular, while flexibly using regional resources, we will form the world's most advanced research and development based on "competition" and "cooperation" that responds to Japan's strengths on innovations.

For Japan to gain the world's "brains", it is essential to establish a base for an international research network that attracts excellent researchers not only from Japan but also overseas. We will drastically strengthen the support for universities and public research institutes to conduct superior research beyond worldwide standards and substantially expand our research base (WPI).

240. Strengthen international activities in the fields of science and technology

To further improve the level of science and technology in our country and actively contribute to resolving serious problems occurring on a global scale, such as natural disasters or infectious diseases, we will further strengthen our collaboration and cooperation with other countries. We will greatly enhance science and technology diplomacy to enable cooperation in advanced fields via ODA.

Page 40

Additionally, we will promote cooperation between domestic and overseas universities conducting excellent education and research and we will also promote the active use of education and research for diplomatic means.

Furthermore, in addition to establishing a system to trace and analyze overseas trends, we will strengthen the management of technologies related to security. On the other hand, we will actively use our technology to contribute to the international nuclear nonproliferation regime.

241. Strategic space policy to improve organizations and structures

The strategic space policy will enable a structure to allocate resources for priority projects promoting the use for security or industries. In accordance with the medium and long-term space policy, we will establish a department at the Cabinet Office responsible for the implementation of a space program. Aside from the already established JAXA⁶¹, the policy will reorganize institutions and agencies to implement new space projects.

242. Constructing a social infrastructure by the G space project (geospatial information)

The G space project (geospatial information) which integrates satellite technology and electronic maps will provide information on territory, waters and the airspace. We will strive to ensure a social

⁶¹ Japan Aerospace Exploration Agency (JAXA) is a research and developmental agency responsible for Japan's aerospace development policy. It is independent but under administrative corporation with the Ministry of Internal Affairs and the Ministry of Education, Culture, Sports, Science and Technology. In 2003, the three aerospace institutions of Japan, the Ministry of Education, Culture, Space, Science and Technology, the Aerospace Technology Institute and the National Space Development Agency of Japan (NASDA) consolidated and launched the JAXA.

infrastructure based on geospatial information and disseminating that information to Japan's diplomacy, economy and defense security.

243. Constructing a space system to improve Japan's diplomacy and defense

We will use economic cooperation tools such as technical cooperation or ODA as well as the compact space system to strengthen Japan's businesses in accordance with the need of emerging countries. We will promote the use of earth observation systems and telecommunication broadcasting in emerging countries.

We will accelerate the development necessary for high resolution and frequency satellites as well as early warning satellites used by the SDF for Japan's missile defense system, communication, weather observation and reconnaissance. We will promote the space system as a dual use project to maintain and improve a transportation system and a ground system to include the maintenance of a new technological base.

Regaining confidence in politics and administration

We will reduce the number of Diet members by 30% and eradicate retiring high-ranking government official taking a lucrative job in private corporations. We will establish and realize true "political leadership".

244. Significant reduction of the number of Diet members

The House of Representatives and the House of Councilors will be reduced by 10% from 722 to 650 members in three years and the number of Diet members will be reduced by 30% to 500.

245. Considering the current state of the bicameral system

Based on the amendment of the Constitution, we will examine the adequate design of the bicameral system in our country.

246. Strengthen political responsibility of officials and ensuring the transparency of political funds

We will strengthen politicians' responsibility so that they will not be able to escape from penalties and will not take illegal actions.

We will further secure the transparency of political funds. Also, in order to receive broad support from the people, we will establish a system facilitating personal donation and tax incentives.

Page 40

We will try to improve the transparency of political party institutions, magazine's revenues, paper subscription fees, advertisement fees or political funds. We will also promote the transparency of labor union's political activities.

247. Streamlining the National Assembly Secretariat

As part of the reform of the National Assembly Secretariat, we will consider organizational reforms, such as restructured departments, selling facilities and assets of the Diet, to eliminate wasteful handling and to realize efficiency and slimness.

248. “Declaration to eradicate *amakudari*⁶²” – eliminate the cause of *amakudari*!

We will impose legal penalties to eradicate *amakudari*. We will fundamentally review the salary system to create a system that enables continuous work until retirement age and eliminates the early retirement recommendation practice (so-called “shoulder hit”). We will immediately abolish the reemployment support function of the public and private personnel exchange center and will abolish the center along with a drastic review of the salary system.

To build a motivated and vibrant organization, we will introduce a retirement system for each post. To suppress personnel expenses, we will drastically review the entire salary system. In particular, by separating salaries of executive civil servants into regular salaries and postal care allowances, we will make smooth and descent changes for post-retirement.

249. “Declaration to eradicate *amakudari*” – do not accept *amakudari*!

Neither in designated corporations nor in authorized corporations do we approve people over 65 years old or people from the Ministry of Jurisdiction as full-time directors.

We will not grant officials employed by the government to earn more than one-third of full-time directors and will not engage in contracts with people who surpassed the age of 65 years.

We will strictly enforce reemployment regulations to dispel the citizens’ doubts about this issue.

Additionally, we will introduce new punishments for organizations and corporations reemploying *amakudari* based on the “Penalty Prohibition for Reemployment by Each Ministry” and the “Prohibition of Intervention by Ex-Civil Servants”. Also, we will announce the name, affiliation and violation details of institutions violating these rules.

250. Punishments for appraisal of awards – no fraud or “savory” allowed!

In addition to implementing rigorous personnel evaluations based on ability and performance, we will promote the implementation of descent payments. Also, we will evaluate possible “defectives” for three consecutive years. Furthermore, we will clarify the responsibilities and dispositions of personnel responsible for the strict and fair personnel evaluation.

Since civil servants and their bosses who have carried out wrongdoings or illegal actions like black market activities of officers, dispositions the current law misses must be implemented. For that purpose, we will monitor civil servant’s wrongdoings and omissions and establish a system able to flexibly activate disciplinary actions and accusations.

251. Reform of the national civil service system

In line with the “National Civil Service System Reform Law”, additional functions such as a centralized management of national service officials are implemented, standards relating to the development course of executive candidates are set down and other functions of national personnel authorities currently divided between the Ministry of Internal Affairs and the Ministry of Finance are unified by the Cabinet Personnel Department. Thereby, the submission of bills within the

⁶² *Amakudari* is a term to describe retiring high-ranking government officials taking a lucrative job in a private or semi-private corporation.

concerning year are amended by the payroll law to improve the working environment until retirement. We will set up a system to promote selective appointment of executive positions and collect the wisdom of the public and private sector. In addition, national strategic staff to assist the prime minister on the planning of basic and important policies will be realized to further strengthen the political leadership in the parliamentary cabinet system. Additional to the collective recruitment of national civil officials, we will also consider measures as soon as possible regarding the reform of the salary system including retirement allowances as well as measures to promote the exchange between the public and private sector by revising the Local Civil Service Law.

252. Reform of the Board of Audit

In order to prevent illegal use and waste of public money and to clarify the responsibilities of civil servants, the authority of the Board of Audit must be expanded to promote rectification of illegal matters and clarify responsibilities of budget execution officials. We will promote a bill to revise part of the “Act on Accounting and Audit Institutions and Budget Execution Officers’ Liability” and will implement penalties to prevent civil servants to store illegal funds. We will also promote a law to punish the submission of false invoices of national civil servants and others. In addition, the independence of the Board of Audit must be perpetuated to enable it to monitor firmly.

253. Reform of the total labor costs

In 2005, our party already decided to reduce the number of national civil servants by 20% to 81.000 people in ten years (about 45.000 people in the past 4 years).

In addition, the Democratic Party’s government has revised the plan of the LDP administration and wants to reduce the number of by 5% of about 16.000 people by 2010 but we will restore our plan and take action.

Due the circumstances of small and medium enterprises, we will cut labor costs by 20% by reducing government employees’ salaries, abolish deduplication of government agencies on local levels and externalize indirect businesses in each ministry.

Page 41

254. Regional Reform

With the Democratic Party leading the government and being supported by labor unions, civil servants and autonomous labor unions, an administrative reform to wipe out vested interest of local civil servants is not possible.

Our party promotes a regional reform to reduce the number of local civil officials and optimize salaries to the same level as private wages in the specific region by using market tests⁶³ and we will thereby reduce the total personnel expenses by 20%.

⁶³ The Public-Private Competitive Bidding System is introduced by the government to determine whether the public and private sector can respond to the public’s expectation as an entity providing public service to citizens.

255. Vitalization of the regional economy by the IT transition

We will integrate and centralize the business system of indirect departments such as personnel, salary and accounting in the central government agency and will promote regional relocation by ICT and private sector consignment. By improving the efficiency of the operation system and the relocation of local governments, we will reduce labor costs while promoting the regional ICT industry.

The Central Government Office will take the initiative in realizing the relocation of local governments which will encourage the transfer of businesses and private enterprises currently concentrated around Tokyo to rural areas. At the same time, by introducing the *Doshu* system, we will create multipolar economic zones and revitalize local economies.

256. Electronic national administration

Through the introduction of cloud technologies⁶⁴, citizens can acquire and manage information such as pension records themselves and have easy access to administrative services 24 hours. The national and local government will promote efforts to make progress in online use and reduce unnecessary administrative costs.

257. Independent Administrative Institution Reform

Through the “rationalization plan of independent administrative corporation” by the Democratic Party of Japan, it was decided to abolish privatization, revise administrative projects, review salary levels and the unilateral invitation of officials to the Cabinet was enabled. We strive to achieve comprehensive reforms such as strict regulations as well as reemployment restrictions for executives and employees to eliminate further squandering and to improve efficiency and transparency.

258. A new system by public interest corporations

Regarding the new public benefit corporation system that began in December 2008, we will continue to enable a smooth transition in the next five years. In addition, we will abolish the consignment to public interest corporations and will do so only in essential business sectors and independent administrative agency, pursuing lower costs and high standards.

259. Central government ministry reform

We will examine whether the desired functions and effects of the reorganization of government ministries from 2001 are acquired and we will seek further effective administrative reorganizations. Based on this evaluation, we will move from a temporary reform to a whole and constant reform by (1) regulatory reforms to revitalize the private sector (2) the revitalization of provincial decentralization (3) administrative reforms to make the government more efficient and flexible. We will establish the “Administrative Reform Agency” that gathers information on administrative reform functions and effects.

⁶⁴ Cloud computing is an internet- and computer-based network. People can use computer programs as a service via this network.

260. Maintaining the separation of power

Constitutionalism is composed of two basic principles: democracy (principle of national sovereignty) and freedom (principle of separation of power into legislative, executive and judicial). The political leadership of the Democratic Party is biased toward the principle of national sovereignty and neglects freedom. Our party will adhere to the division of powers that respects democracy and freedom.

261. Prohibition of arbitrary abuse by executive civil servants

As formulated in the constitution, civil servants are “national servants” and their political neutrality must be preserved. In order to realize this, the political leadership must properly manage and supervise bureaucrats, but at the same time, civil servants are also required to secure “the fair nature of public affairs”. In the future, we will reform the position of executive civil servants based on these two necessities. We will pay special attention on this so that the appointment of politicians does not become subject to “arbitrary abuse”.

262. Securing the opportunity to pose questions to the Secretary of the Cabinet Legislation Bureau

The Cabinet Legislation Bureau is a quasi-judicial body in developed countries. To ensure that the interpretation of the constitution will not be easily altered by political ideologies, we will secure the opportunity for members of the Diet to freely direct inquiries to the Secretary of the Cabinet Legislation Bureau.

263. Guarantee the right to file free petitions

The constitution guarantees the “right to file free petitions” to the people, and petitions have a complementing function. Our party guarantees the right to comply with the constitution to everyone and to file petitions to the government.

264. Ensuring the neutrality of the administration and recruitment of government officials

The Democratic Party of Japan has recruited numerous political party members (political staff) as government officials to “unify the government and ruling party” and involves them into policy making, but from the viewpoint of a neutral and impartial administration, this poses an extreme problem.

Also, the government advisers should increase political appointments in the name of the political leadership and should not use it arbitrarily.

Page 42

In any of the afore mentioned cases, it is necessary to clarify the political appointment of people and their authority in the Diet and National Assembly, to check arbitrary actions and to improve the system for strict compliance with confidentiality regulations.

265. Maintaining the government leader system

It is natural that discussions between Diet members should be the center of deliberations, but some ask for bureaucrats familiar with the practice to contribute to enhancing deliberations on specific topics. Ignoring the intentions of those persons, it is undesirable for the government to unilaterally

restrict discussions. Although there are items to be improved in the operation of the government deliberation system, it should be maintained.

266. Proactive use of legislative members

Tying legislative authorities of the legislature in the name of a “centralized government and ruling party” is an idea denying parliamentary democracy. We will actively utilize lawmakers and legislators.

267. Limiting hereditary candidates

In electoral districts where party members or incumbent Diet members retire, we do not approve the recommendation of so-called hereditary candidates. Also, for successors of incumbent lawmakers, we will prohibit the inheritance of political funds by management organizations.

268. Enhancing the public recruitment system to select the best candidate by introducing a special staff system

Regarding the selection of candidates, we will enrich our public recruitment system and create a system that allows only the best candidates to be selected. In addition, we will introduce a “special staff system” that seeks human resources with broad prospects and promise public recruitment as well as the development of human resources who can become candidates.

In addition, the Central Political Graduate School and Local Political School, both discovering and developing human resources as responsible personnel in the future, will cooperate to discover and nurture candidates for each election.

We will prepare temporary vacation for members of the Diet during elections as well as their reinstatement after the term to enable active participation in politics by citizens.

269. Establishing the “10.000 opinion leader system”

We will establish the “10.000 opinion leader system” to invite people to public hearings and listen to their recommendations on party management and various policy issues, to maximize our national-oriented politics.

Protecting the shape of our country

The “couple surname” and “foreign residents’ right to vote” policy by the Democratic Party can only be seen as a stance that tries to overturn Japan completely. Our party will oppose the bill for couple’s separate name and the bill for giving foreign residents civil rights by local governments and will protect the ties between our communities and our families

270. Opposing the DPJ bill on couple’s surname and working women aid

The bill on married couple’s surname will “separate parents and children by name” if you choose different surnames for parents. Our party will oppose the bill to introduce different surnames for

married couples by the Democratic Party to maintain family ties in Japan. As for women's advancement in society, we will expand the scope of opportunities to use maiden names.

271. Disagreeing with the introduction of "Foreign residents' rights to vote" which destroys the shape of our country

To grant local civil rights, including the right to vote, to foreigners is a serious threat for our fundamental national sovereignty and democracy. The constitution clarifies that the right to appoint civil servants is a right solely held by Japanese nationals. Even the Supreme Court set a precedent, that the right to vote, including local elections, is a right of "Japanese citizens" only and the bill to grant election rights for local elections to foreign permanent residents is a constitutional breach.