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景気浮揚の陰で衰弱する日本の経済力

――経済規模の縮小，信用収縮，税収激減，これをどう打開すべきか――

菊　池　英　博

2004年に入り，日本の景気回復が囃されており，2001年４月にスタートした小泉経済政策が順調に推移しているように主張する見解がある。

しかし，政府や中央銀行から公表されているデータで見ると，実体経済は惨憺たる状況である。企業間信用は大幅に縮小して信用収縮が実体経済の縮小を促進し，経済規模の縮小が目立ち，税収は激減している。デフレは国民生活の末端まで浸透し，奇怪な事件が頻発し，伝統的な日本の社会基盤が崩壊に瀕している。

こうした現状を分析し，その打開策を提案したのが，この論文である。

私は数年前から毎年９月や12月に，New York と Washington の金融や経済関係の会議に出席し，日米の経済，国際金融の動向などについて，報告し，討論に参加している。2004年も９月に現地に招かれ，日本経済と金融問題に関して報告し，とくに Washington の Federal Reserve Board（連邦準備制度，中央銀行）では，Governor Ben Bernanke にも面談し，意見交換した。

ここに寄稿する論文は，そのときに発表するために書いた拙稿である。現地の会議では，多くの参加者から賛同が得られたし，今後の日本経済を分析する上で，有意義な一石を投じたのではないかと考えるので，ここに寄稿するものである。本稿では，要約を日本語で書き，本文は英文である。

＊本論の要約

（１）**過去３年６ヶ月の日本経済をみると，マクロ経済指標で改善したデータは何ひとつない。2004年度の税収見込みは，1986年並み（18年前）の水準に過ぎない。**経済規模が縮小し，信用収縮が目立つ。企業間信用で見ると，過去４年間で20兆円を超す信用収縮が起きている（図表３，４，５）。

（２）小泉経済政策は，典型的なデフレ政策である。デフレが進んでいる時に，緊縮財政を実施し，不良債権を加速処理しているために，GDP デフレーター（物価の総合的な

指数）でみたデフレ率は，一段と大きくなっている(図表1)。

財政をみると，2000年度に50.7兆円あった税収は，わずか3年で9兆円も減少し，2004年度には41.7兆円（1986年度並み）まで激減している。近代の歴史上，これほど短期間に税収が激減したのは，大恐慌以来である。これに伴い，政府債務も増加し，小泉構造改革の一翼を担う「税制改革（財政赤字解消･政府債務減少）」は，全く逆の結果を生んでいる。これは，緊縮財政の結果であり，財政支出（とくに公共投資と財政投融資）の減額が，財政赤字を拡大させ，実体経済を大きく疲弊させている。

この失政が，一大増税政策に結びついており，国家経済を見ると，忌々しき現状である。

（３） 小泉経済政策の失敗は，1930年代の日米のデフレがもたらした経験を顧みず，歴史的教訓を無視した政策を取っているからである。

歴史的教訓とは

「デフレが進んでいるときに緊縮財政をとれば，国民所得は減少し，物価は更に下落し，財政赤字が拡大して，政府債務は増加する」ということである。

小泉内閣3年半の実績を見ると，歴史的教訓どおり，実体経済は悪化している。違いは，現在は管理通貨制であるために，日本銀行が自由に通貨供給量を増加できること（30年代恐慌時代の日米では，金本位制で金の量によって通貨供給量が左右された），30年代ほど短期間に一挙に国民所得の下落や物価の急落が発生していないことである。

一挙に国民所得が減少していないのは，国民が貯蓄を取り崩して必死に生活しており，これが消費の一定割合を維持しているからであり（図表8），また緊縮財政の度合いが30年代の時ほど，急激でないことである。

しかし　デフレの下で，緊縮財政と不良債権の加速処理が実体経済に与えるインパクトは，極めて大きく，日本は真綿で首を絞められているような状況であるといえよう。社会問題への悪影響は計り知れない。

（４） デフレ経済のもとでは，実質成長率は幻想に過ぎない。デフレ率が高いから，その裏返しで実質成長率が高いのであって，デフレによる経済規模の縮小と債務負担の増加の方が，物価下落による購買力の増加よりも，はるかに実体経済にあたえるマイナス効果が大きい（図表2)。

設備投資が増加しているといっても，デフレーターでの調整後の「実質値」であって，名目設備投資は1998年並みの水準に過ぎない。これが，雇用が増加せず，所得水準が減少している理由である。

(5) 小泉内閣が不良債権を増加させた。

主要行の不良債権比率は2000年に5.0%であって，正常な水準であった。しかし，2001年に入り，小泉デフレ政策によって不良債権が増加し，8.4%まで上昇した。これを2005年3月までに半減しようするのが，2001年10月に発表された金融再生プログラムである。つまり，不良債権を増加させたのは，小泉内閣であって，自ら増やした不良債権を縮小させようとするのが，竹中プランである。この間，株価は2002年4月に日経平均で7,600円台まで下落し，実体経済に与えたマイナスのインパクトは極めて大きい（図表4)。

(6) 金融再生プラン（竹中プラン）は理念も手法も，誤りである。

金融機関には，500兆円超の預金があり，貸し出しは400兆円を割っている。従って，たとえ8%程度の不良債権があっても，貸し出し増加を阻害することは，全くない。しかも，2002年10月時点での不良債権の7割程度は，2001年4月以降発生したものが多く，デフレ型であって，デフレが解消すれば，一挙に健全債権にある。従って，加速償却する必要は全くない。かえって黒字で税金を払っている健全な企業までも，破綻に追込む政策である。

また不良債権の認定方法として，DCF（デイスカウント・キャッシュフロー）と減損会計を駆使して，5年間まで先を見て，収入の流れの増減と減損率を調べて，企業の債務状況を判定する手法を取っている。

この方法をとれば，デフレのもとでは，どんな企業でも債務過多・債務超過となり，金融機関取引を停止させられかねない。まさに，金融庁の恐怖政治であり，会計恐慌である。

戦後の日本の企業は，たとえ不況で赤字でも，新卒者や若い人材を採用して教育し，景気回復気には有益な人材として活用できるようにしてきた。こうした方針をとってきたから，戦後，短期間に日本が経済力を高め，優れた技術大国に成長したのである。金融庁行政は，日本企業のよき伝統と文化までも，破壊させている（図表6)。

(7) デフレは国民の間に浸透している。

家計貯蓄率は急落している（2000年末9.8%――＞02年6.1%)。これは，高齢化が主因ではなく，一般国民の可処分所得の減少が主因である。可処分所得は，2000年には25兆円もあった。しかし03年には統計史上初めて（1990年から可処分所得統計を取り始めた）マイナス3兆円にまで落ちこんでいる（図表8)。また国民年金の未納付率状況を見ると，2001年から急上昇しており，払えない人の65%は「経済的に払えない」と明言している。貧富の差が拡大している。

（８） 歪んだ内需抑制策を「内需拡大策」に全面的に転換する。

過去３年間継続した内需抑制策によって，企業は輸出増加にはけ口を見出さざるを得ない。当然，円高・ドル安傾向になるので，政府は必死に市場介入して，ドル買い・円売り操作を実行する。その結果，ドル買いの原資は我々国民の預金であるから，我々国民の預金がドルに換わって，アメリカの国債を購入し，アメリカの減税資金に移っている。

本来，われわれ国民の預金は，日本のために使用されるべきであろう。国内は，実質的に強度の金融引締めであり，健全な企業でも金融庁行政によって，日本の企業は次々に整理されてゆく。

こうした極度に歪んだ内需抑制策を全面的に改めるべきである。

（９） 惨憺たる日本経済をどう立て直すか。

デフレ下での経済では，緊縮財政をとれば，かえってデフレが進展し，実体経済を疲弊させる。これ以上の緊縮財政（公共投資の削減と「三位一体」といわれる地方への財政支出の削減，義務教育費の削減など）をやめて，財政政策を活用して，景気振興策をとり，また金融庁の無用な不良債権処理を停止させることである。これ以外に，国家経済を破綻から救済する方法はないであろう。また，不況下での所得税の増税政策をやめて，財政政策を活用した景気対策を取る。そうすれば，景気が大幅に上昇し，名目成長率が３－４％に達すれば，税収の自然増収が増え，財政赤字が縮小する。こうしたときが来てから，税制改革をするのが望ましい政策である（1990年代前半から後半にかけてのアメリカ）。

政策の柱は，「経済規模を拡大すること」に置くべきである。経済規模を拡大する政策が取られれば，直面する多くの問題が解決する。

① 投資減税と効率的な公共投資の採用によって，民間投資を誘引する。
とくに「投資減税」政策を製造業に広げ，企業の海外シフトをおさえ，国内での生産増加と雇用機会の拡大をはかるべきである。

② 「三位一体」は，当面，棚上げする。

③ 金融庁行政を全面的に転換する。これ以上の不良債権の処理は全く必要ない。
不良債権査定方法として，DCF と減損会計の採用を禁止することである。

①②③の政策を一挙に実行することである。そうすれば，国民からデフレ心理を拭い去るこ

とが出来るであろう。稿日：2004年10月7日）

以上

Sept., 2004

Behind the Shadows of Economic Recovery: Japan's Weakening Economic Strength

How should Japan resolve the dismal realities?

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The recession admittedly looks to have bottomed out for some parts of Japan's economy, thus showing a recovery trend. However, the reality is that this trend is limited only to the export-related sector and mainly to the Tokyo metropolitan region, while the local economies are facing dismal conditions with the exception of some export companies and regions that have taken special economic stimulus measures. Japan has indeed fallen into a "20 percent scale economy." With the recent Cabinet Office's bulletin announcing high "real" growth for the GDP (gross domestic product), much of the mass media information is declaring economic recovery. The high deflation rate, however, is the true reason behind the high "real" growth rate, while the "nominal" growth rate continues to hover near zero or in negative figures in an asset deflationary spiral (down 5 percent from the previous year). The manufacturing sector is seeing a hollowing out of companies due to the shift to China, with tax revenues for the fiscal year (FY2004) at the same level as FY 1986 (18 years earlier). A comprehensive look reveals that Japan's economic strength is steadily weakening. Deeply-rooted deflation is leading to employment insecurity (with a particularly unstable employment situation and high unemployment rate for the young) and an increase in violent crimes. **One can say that we have reached a situation that can no longer be left alone.**

Major Error in Koizumi's Economic Policies

From the perspective of economic policy, Prime Minister Junichiro Koizumi's structural reforms consist of **typical deflationary policies**. Despite the fact that Japan is still caught in a deflationary spiral, the structural reforms seek to (1) trim the fiscal budget deficit and reduce the public debt through fiscal retrenchment (cutbacks on investment-related spending and the collection of funds from local economies) and (2) believe that accelerating the disposal of non-performing loans will increase lending from financial institutions and lead to economic recovery. I believe, however, that the U.S. and Japan in the 1930s demonstrated that the enforcement of such policies at a time of progressive deflation can actually worsen deflation, increase the non-performing loans, and yield results that are opposite of the true goals, and have thus been pointing out the error in these policies since the establishment of the Koizumi government. **A look at the performance for the past three years shows, as predicted, a worsening in all economic indicators.**

In this article, I will first use objective data to analyze the realities of the Japanese economy and have the reader confront the realities of the dismal economy, and then discuss what should be done to avoid the weakening of the Japanese economy.

Distorted restrictive measures for domestic demand

(1) "Recovery" is merely an uplift from the rock-bottom 1990s.

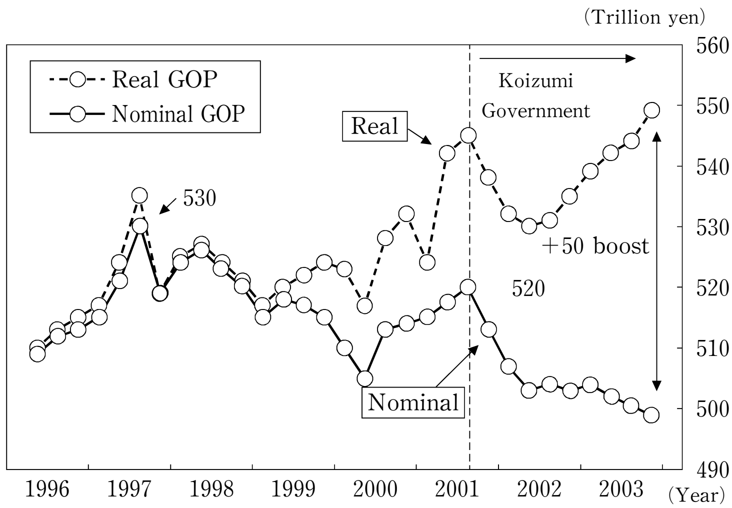
The transition over the past three years shows us that stock prices dropped from ¥15,000 to ¥7,600 since the establishment of the Koizumi government (current value loss of ¥150 trillion). Taking advantage of the May 2003 injection of public funds (unfair action that takes away shareholder responsibility) in Resona Bank, stock prices rose through buying by foreign funds aimed at a strong yen. As a result, the uplift is merely a return to around ¥11,000. The index of mining and manufacturing production, moreover, plummeted from April 2001, tumbling below the formerly lowest levels of the 1990s in November 2001. This plummet is simply being reclaimed, with the cause of the uplift being exports to the U.S. and China. The recovery in corporate performance, moreover, is attributed to streamlining and massive personnel cuts (restructuring), as well as an increase in capital investment due to overseas demand, with very little investment associated with domestic demand.

(2) The rise in the "real" growth rate is an illusion; Japan's economic scale is shrinking.

As shown in Figure 1, the nominal GDP for 2003 was a little less than ¥500 trillion, down ¥20 trillion from mid-2001. During this time, however, the GDP deflator (deflation rate) has rapidly risen (2.8 percent in 2003). This increase in the deflation rate has pushed up the real growth rate, meaning quite simply that real GDP is being calculated as ¥550 trillion. The ¥50 trillion differential is a result of the boost from the deflation rate, and is merely an empty illusion. This is the reason for the plunge in tax revenues. The example for capital investment is shown in Figure 2. Despite the fact that capital investment rose in 2003, in nominal terms it was only at 1998 levels — five years in the past — while “real” capital investment was actually inflated by ¥20 trillion (27 percent). This (lack of investment) is the cause behind the reality that the economic scale is drastically shrinking, the lack of nominal GDP growth, and the fall in Japan’s employment and salaries. **Net investment** (the margin of increased capital investment after depreciation) has shown negative figures from the April-June 2002 quarter, while private investment is not increasing due to deflation.

Figure 1 Transitions in Real GDP and Nominal GDP

(Deflation-induced ¥50 trillion illusion)



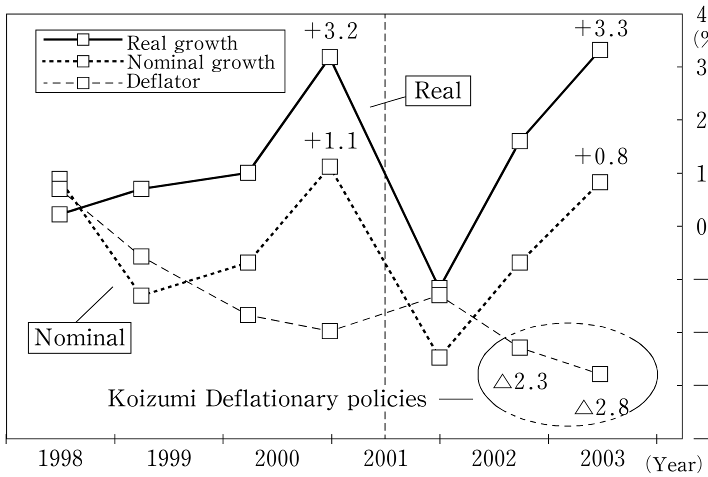
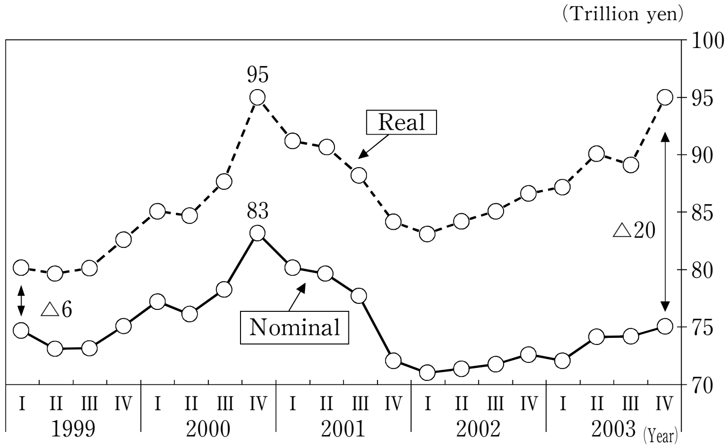


Figure 2 Nominal capital investment amount is around 1998 levels
(deflation is "boosting real capital investment by ¥20 trillion")



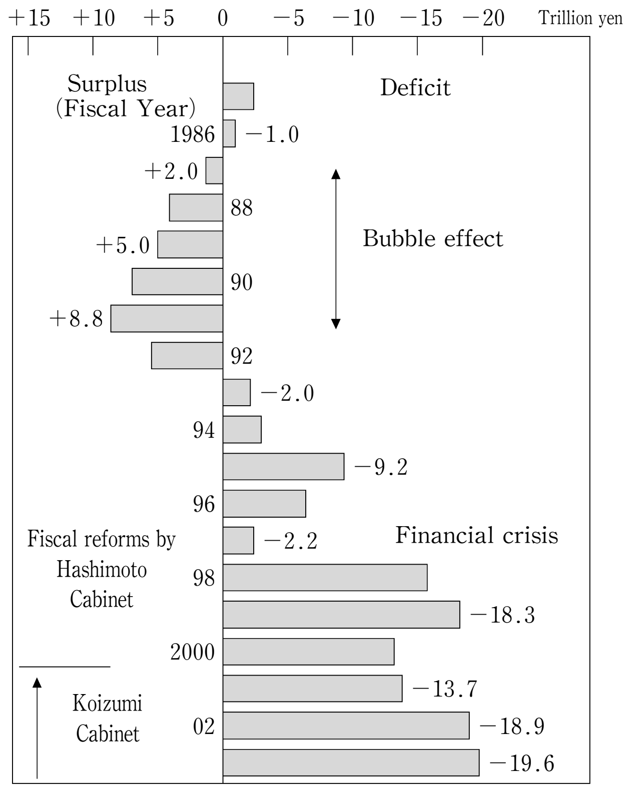
Source: Produced based on Cabinet Office Statistics

(3) The fiscal deficit is expanding while tax revenues are falling to levels below those seen 18 years ago.

The effects of the expansionary fiscal policies and financial stability of 1998 to 1999 were seen in FY 2000, a year that marked tax revenues of ¥50.7 trillion and a primary balance that shrunk to ¥13 trillion. The retrenchment finance from FY 2001, however, has put a damper on the economy, with tax revenues dwindling to ¥41.8 trillion (a ¥8.9 trillion drop) and the primary balance deteriorating to negative ¥20 trillion in FY 2003, thus increasing public debt. This fiscal year's budget has recorded tax revenues totaling ¥41.7 trillion, meaning that in merely three years, Japan's economic strength has weakened to the point that it can only maintain tax revenues in line with 1986 levels (18 years earlier). Furthermore, FY 2004 and beyond will see a tax-raising budget, thereby already beginning the vicious cycle of retrenchment finance (cutting back on investment-related spending, and cutting back on local tax allocations and subsidies in preference to transferring tax revenue sources) causing a downturn in the economy, which then causes the budget deficit to expand, which causes further tax hikes. Under these tax-raising policies, it will be impossible to achieve the government's goal of balancing the primary balance in ten years (Figure 3).

(4) It is the Koizumi government that caused the increase in the non-performing loans. The accelerated disposal of non-performing loans by the Financial Services Agency is a

Figure 3　Trends in the Primary Balance



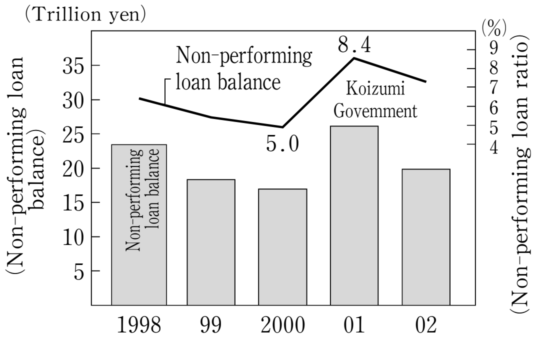
Source: Produced based on Ministry of Finance

restrictive monetary policy that does more harm than good, causing an extreme credit crunch and having a devastating impact on financial institutions and sound small- and medium-sized enterprises (SMEs) (Figures 5 and 6).

As shown in Figure 4, with the successful economy-boosting measures in FY 2000, the non-performing loan ratio of major banks fell to 5 percent and resulted in a sound economic situation. However, owing to the deflationary policies begun in 2001, the ratio surged to 8.4 percent in 2001. On the other hand, because Japan's financial institutions have 500 trillion yen in deposits and loans do not exceed ¥400 trillion, there is a surplus of ¥100 trillion in funds. Consequently, although the non-performing loans are showing a slight increase, they are not inhibiting the lending of the financial institutions. The deflationary pattern of the increased non-performing loans and the deflationary policies has simply made it necessary to build up the loan loss reserves. Therefore, present-day Japan does not need to write-off non-performing loans. Rather, such action only leads to the failure of sound companies and financial institutions. (Figure 4)

Figure 4　Non-performing loans surging from 2001 by Koizumi Government (deflationary trend)

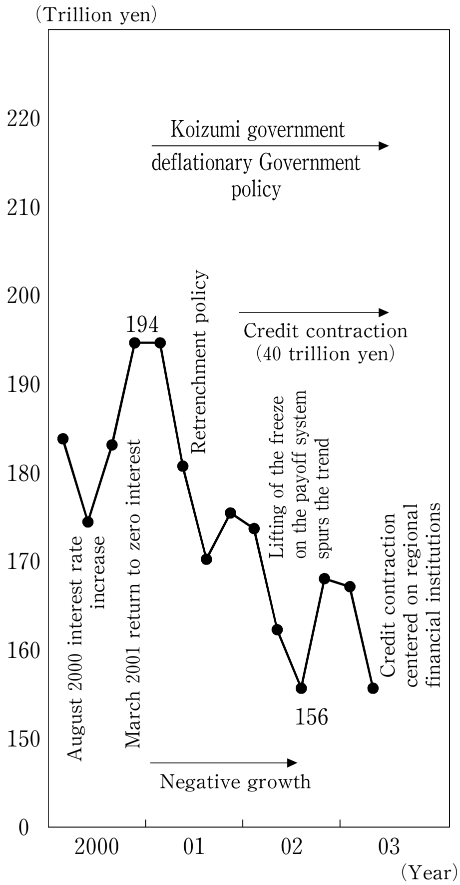
Change in the Non-Performing Loan Balance and Non-Performing Loan Ratio



Source: 2003 White Paper on Economic and Fiscal Policy

Figure 5　¥40 trillion credit crunch

(credit among non-financial institutions)



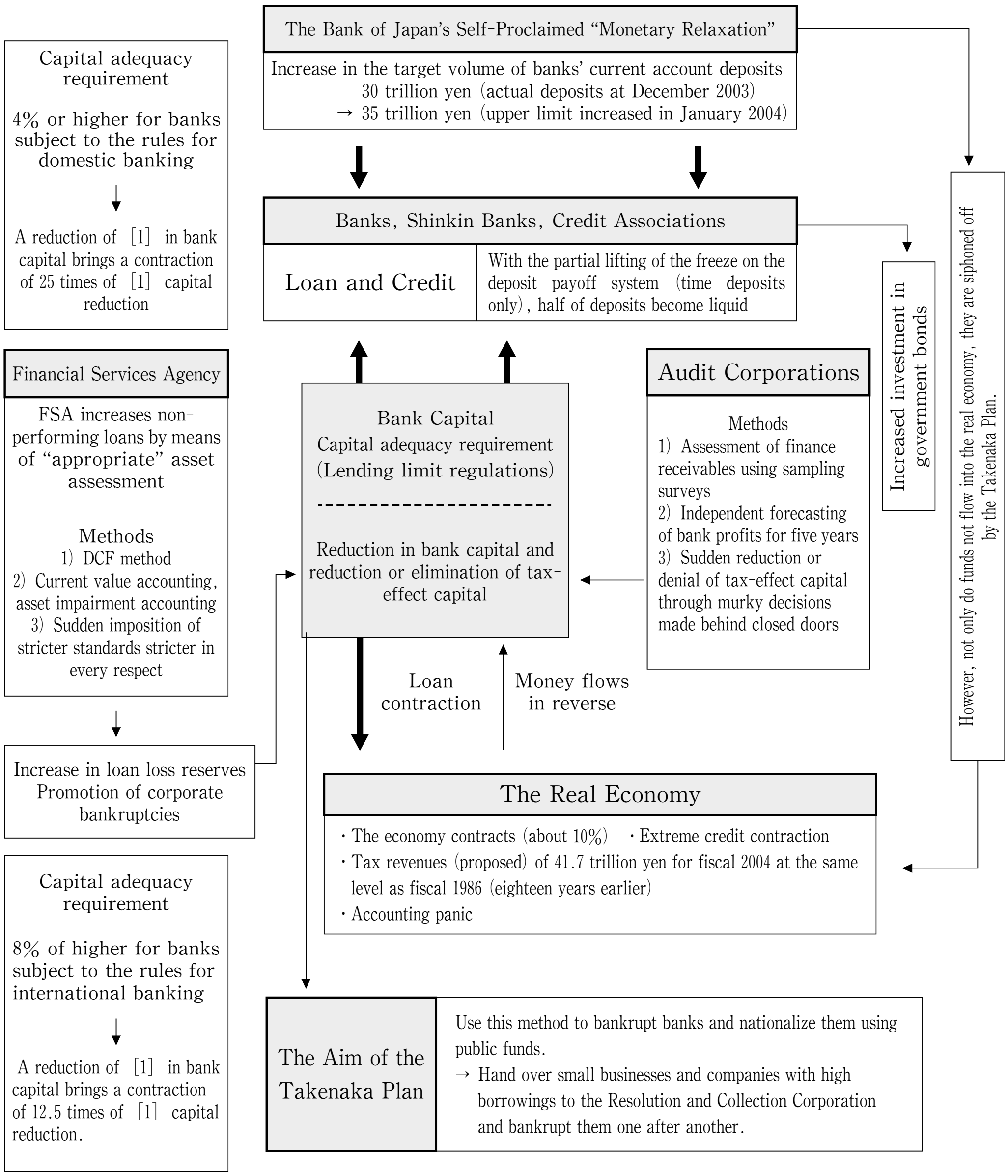
Source: Produced based on Bank of Japan Flow of Funds Accounts

(5)　The household budget is running a deficit, the personal savings rate is plummeting, and the rate of nonpayment for national pension premiums due to hard living is skyrocketing.

Figures 7 and 8 clearly reveal that the deflationary policies are leading to a notable decline in national wealth.

As shown in Figure 8, over the past five years, households have recorded a drastic drop exceeding ¥40 trillion, eventually running a ¥3 trillion deficit in 2003. This decline is being supplemented by reaching into the savings. The result has been a plunge in the personal savings rate from 9.8 percent in 2000 to 6.1 percent in 2002, with expectations of

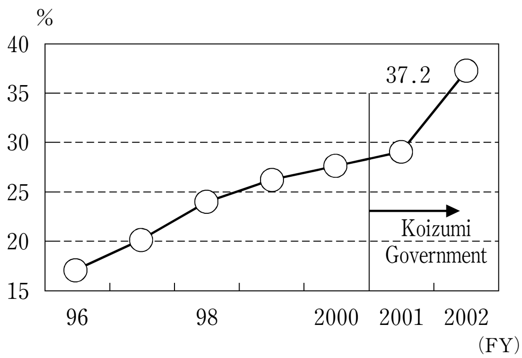
Figure 6　The Takenaka Plan Bankrupts Companies and Banks



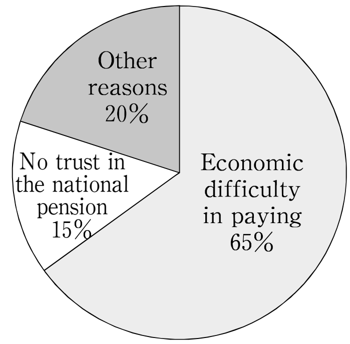
a further drop to 5 percent in 2003. Japan's savings rate may even fall below that of the U.S. Figure 7 shows that the nonpayment rate for national pension premiums surged from around FY 2001, the start of the Koizumi government. The reason for this rise in nonpayment rate is the fall in the income of the younger generations, due to the deeply-rooted deflation, with 65 percent of the people who are unable to pay the premium explaining "economic difficulty in paying."

Figure 7 Skyrocketing Rate of Nonpayment for National Pension Premiums
(Difficulties in making payments due to reduced income)

Rate of nonpayment for national pension premiums

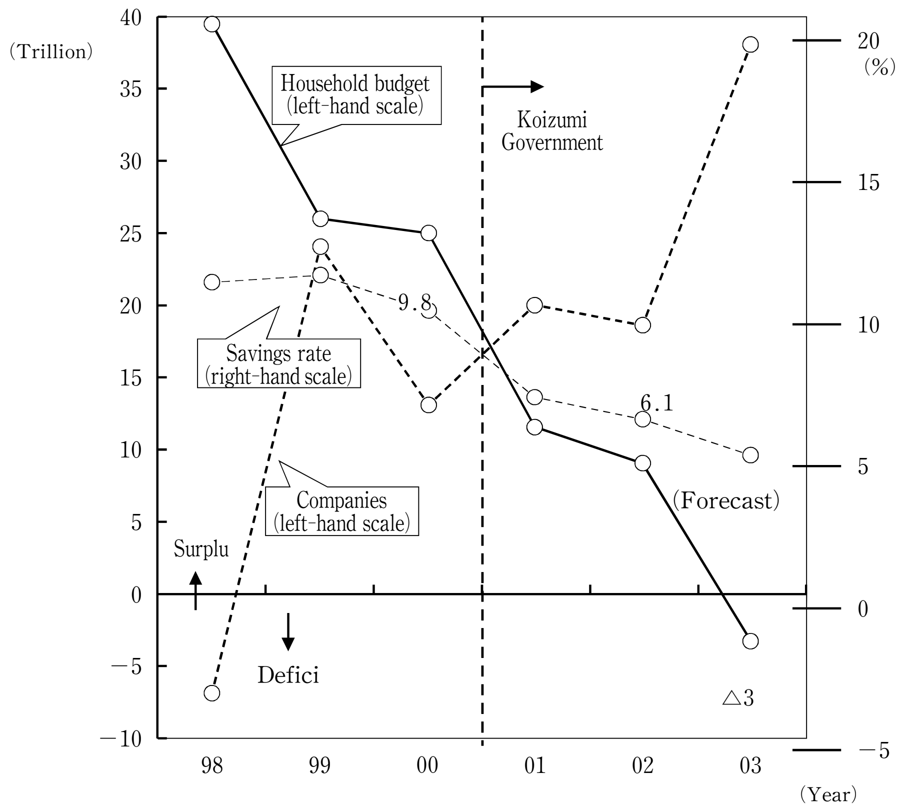


Reasons for not paying the national pension premiums



(Social Insurance Agency Survey, 2002)

Figure 8 Plummeting Household Budget Savings Rate, Deficit in Disposable Income



Source: Bank of Japan

Savings Rate is “Ratio of Savings in Disposal Invoice (Calendar Year 2003)

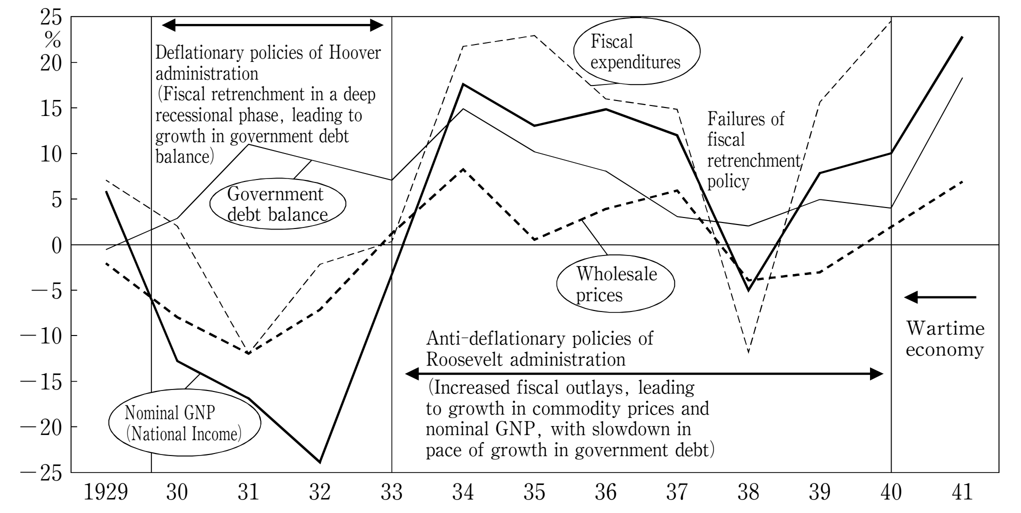
(6) Distorted restrictive measures for domestic demand are implementing a ¥33 trillion dollar-buying / yen-selling market intervention.

As a result of the restrictive measures for domestic demand from both the finance and Financial Services Agency administration aspects, companies are searching for an outlet for exports, leading to a natural appreciation of the yen. In response, in the desperate attempt to prevent a strong yen, the Ministry of Finance (MOF) has intervened in the market (buying dollars, selling yen) to the tune of over ¥33 trillion since April 2003 to March 2004 (FY 2003) in order to maintain a weak yen. The Japanese people's deposits are the source of this market intervention, meaning that funds that should be spent in expanding domestic demand are being used as the source of U.S. tax cuts, in the form of purchasing U.S. government bonds. Foreign funds, moreover, are able to buy Japanese stock and assets through the weak yen. This is the result of distorted restrictive measures for domestic demand, whereas Japan's surplus funds should be used to expand Japan's domestic demand.

Learning from History:
Lessons of U.S. and Japan in the 1930s

Figure 9
History Lessons in Battling Deflation
Year-on-year change in government debt balance, fiscal spending, wholesale prices, and nominal GNP

U.S. Escape from Deflationary Spiral in the 1930s
*Based on Fuji Research institute documents.



Note: Fiscal expenditures include estimates.

Japan's Escape from Deflationary Spiral in the 1930s

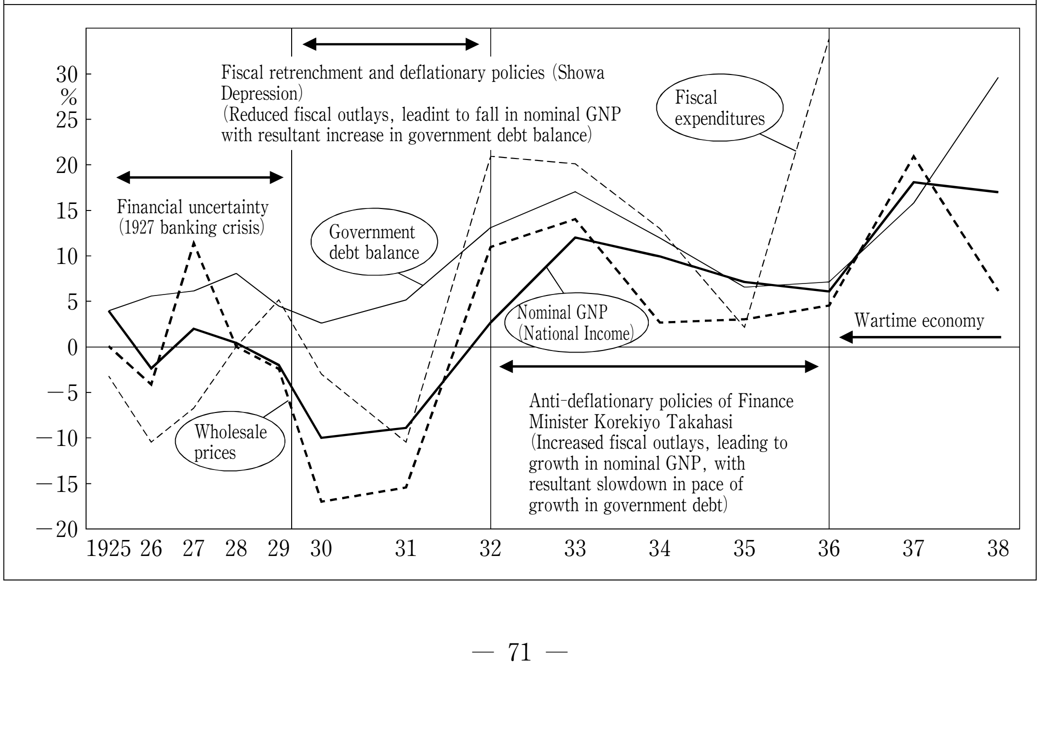
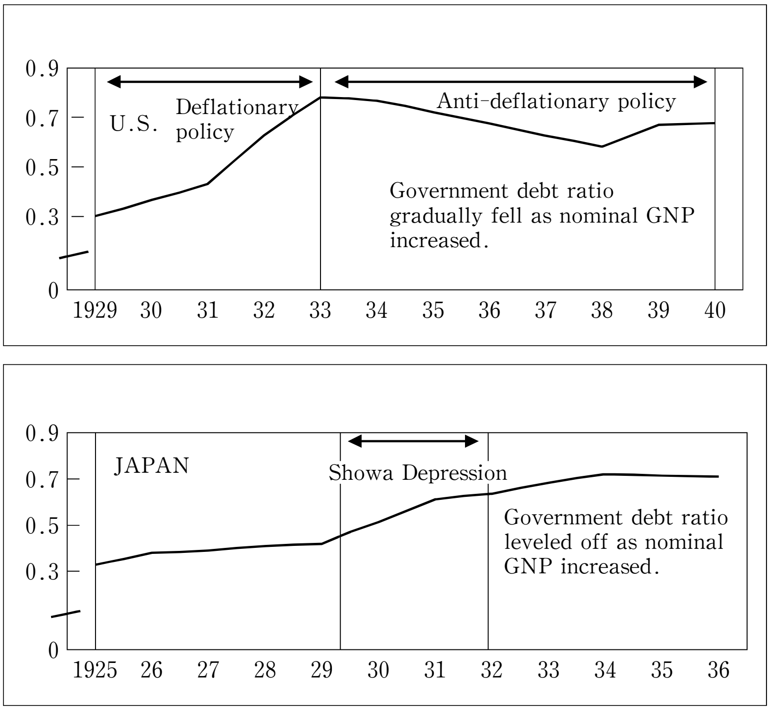


Figure 10　Discipline of Fiscal Policy

Increased Fiscal Spending Will Reduce Debt Burden!

Trends in Government Debt Ratios* for Japan and U.S. in the 1930s



*Government debt ratio＝government debt/nominal GNP

Figures 9 and 10 track efforts by the U.S. and Japan to avert or break out of deflationary spirals in the 1930s.　The lessons of U.S. and Japanese history in this era can be summarized as follows:

(ｉ)　If you adopt fiscal retrenchment policies during a deflationary recessional phase, commodity prices will fall even further, national income will plummet, and the deflationary spiral will worsen.

(ii)　Policies designed to stimulate demand through sustained fiscal spending will buoy commodity prices, increase nominal national income, and boost the real growth rate.　This in turn will stabilize the initially expanded public debt and lower the real burden (debt to nominal national income).　These are the same processes at work now.

During the Great Depression that was brought on by the stock crash of 1929, the U.S.

government did not intervene to bail out failed banks. This created an abrupt and widespread credit crunch with tumbling commodity prices and worsening economic conditions. At the time, then-President Hoover implemented policies designed to balance the budget and rein in fiscal spending (reducing spending in line with drop in tax revenues). This plunged the U.S. economy into depression, slashed national income in half, undermined tax revenue, and caused the public debt burden to balloon.

After taking office in March 1933, President Roosevelt restored stability to the financial system with a set of policy initiatives centering around the injection of public funds and expanded the issuance of government bonds. Massive public-works projects were enlisted to stimulate demand, thus spurring private sector demand in turn, buoying commodity prices, and boosting nominal national income. As a result, tax revenue expanded, allowing for a steady decrease in the public debt burden. Although the level of fiscal spending increased temporarily, nominal national income also expanded, clearing the way for a gradual decline in the public debt ratio (public debt divided by nominal GDP) (Figure 10).

The Japanese economy, for its part, entered a deflationary phase in the second half of the 1920s. That trend was further aggravated by a banking crisis in 1927. It was under such conditions in January 1930 that the Japanese government returned to the gold standard and implemented policies of fiscal retrenchment. Commodity prices accordingly collapsed, exports, national income, and tax revenue declined in concert. As a result, the public debt widened, leaving fiscal retrenchment a failure.

On taking office as the new Minister of Finance in January 1932, Korekiyo Takahashi set about the task of instituting a more aggressive fiscal policy. This led to stimulated private-sector demand under the expanded fiscal expenditures when the Bank of Japan (BOJ) assumed government bonds, heightened private sector demand, stronger commodity prices, and a significant increase in nominal national income. These steps at last brought the public debt ratio under control. Increasing fiscal expenditure served to decrease the public debt.

Japan has fallen into a vicious spiral. Japan's retrenchment finance (cutting back on investment-related spending for four years running, and cutting back on local tax allocations and subsidies) is causing an expansion in the fiscal deficit and a rise in public debt. There furthermore are no incentives spurring investment, despite the lack of investment.

Japan's economic scale is shrinking, with the Financial Services Agency administration accelerating the credit crunch. No economic revitalization can be expected under the current fiscal policies. Rather, the fiscal deficit is ballooning, while Japan is on a dangerous course of tax hikes.

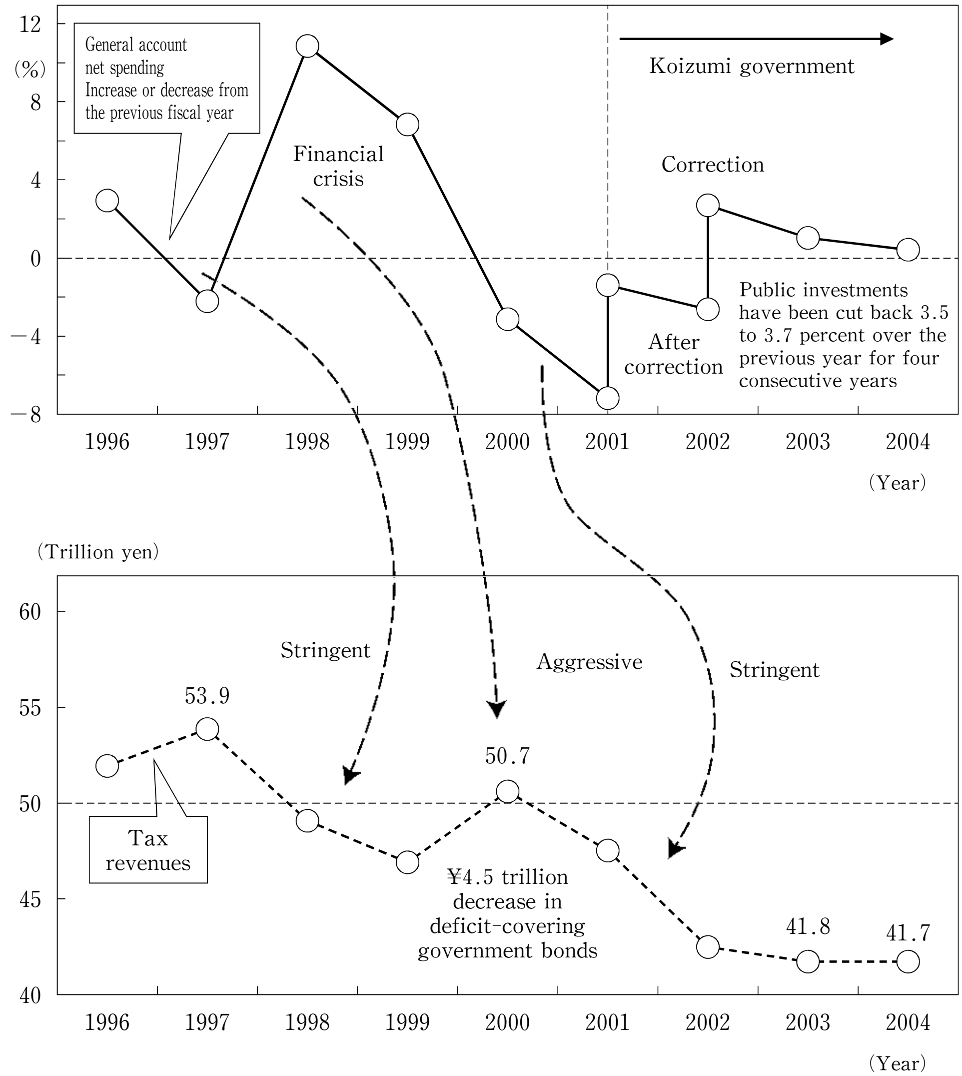
Shift to Policies Designed to Stimulate Domestic Demand

(1) Japan needs to comprehensively re-evaluate the "fiscal policy focusing on cut-backs to subsidies and local tax allocations" (fiscal retrenchment policy for local economies = "decentralization reform") and the "cut-back of public investments."

(i) The content of the "decentralization reform" should be changed, so that local tax allocations and subsidies are trimmed only after national taxes are first transferred to the local economies (with a one-to-one ratio of the national tax transfer amount to the cut-back amount). The local tax allocations and subsidies for FY 2005 should be equivalent to those for FY 2004. Japan should re-examine this policy based on the currently aired "Ministry of Public Management, Taro Aso's private plan."

(ii) Fiscal investments and loans should be widely used, with public investments maintained at least at the same level as the previous year. The focus of such investment will be on carving out and spurring private-sector investment for new sectors, such as developing and fostering the human resources for new energy resources, nanotechnology, nursing care equipment, and biotechnology. There is a grave error in the belief that "public investments do not contribute to GDP growth" (Figure 11). An ongoing lack of spending impairs the effects and increases the debt. Figure 11 shows public investment surely increases GDP and decreases national debt.

Figure 11　Increase in Fiscal Expenditure is surely increasing GDP



Source: Produced from Ministry of Finance statistics

(iii)　**"Reduced taxes on investment" and "accelerated depreciation"** should be adopted to increase private-sector investment. In this connection, 15 percent of the investment amount should be exempt from corporation taxes or income taxes. Mie Prefecture's Crystal Valley Project is an example of success in "reduced taxes on investment," a concept which should be expanded to the national level.

(2) The Financial Services Agency administration should be completely changed. There is no further need to write-off non-performing loans. Japan should stop injecting unproductive public funds into sound companies.

（3） There is enough strength for fiscal spending.

Japan has ¥1,400 trillion in personal savings, the government has ¥90 trillion in foreign reserves, and externally it is the world's largest creditor nation (¥240 trillion). As of the end of December 2003, the government faced a total debt of ¥670 trillion (MOF), but also had approximately ¥460 trillion in financial assets, making its "net debt" (total debt minus financial assets) ¥210 trillion, a figure equivalent to a little over 40 percent of the GDP. A look at the central government alone shows that debt amount to approximately ¥580 trillion and financial assets total approximately ¥460 trillion, for a "net debt" of ¥120 trillion. Local governments have ¥90 trillion in debt, but practically no financial assets, and consequently face a heavy financial burden. Financial institutions have funds exceeding ¥100 trillion, and thus there is enough strength to absorb newly issued government bonds.

（4） "Privatization" should be reconsidered.

Discussions on issues such as postal savings and the public highway corporations are being advanced under the premise that "all privatization is good." This, however, is extremely dangerous. Japan needs to start the discussions over again, this time on the pros and cons of privatization. Particularly problematic is the fact that the funds accumulated through Japan's postal savings are used to develop social infrastructure, a fact that has allowed us to advance this far over a short period of time. If the postal savings are privatized, how will Japan procure the funds needed for enhancing the social infrastructure? Privatization involves the question of whether the utmost importance is placed on the profit to the capital and whether the privatization meets the public interests (national interests).

（5） Although SMEs account for 99 percent of all companies, no SME representatives participate in the Advisory Committee on Economic and Fiscal Policy. The proposals from private-sector members are biased, and hold a heavy responsibility for causing these dismal economic conditions. I would like to call for a change in the private-sector members.

The extreme restrictive measures for domestic demand are worsening deflation, battering a great many SMEs and local economies, and are developing into severe problems that cannot be ignored, such as the weakening economy, the deterioration of education and the people's minds, the rise in violent crimes, and the mounting distrust of politics. There is an urgent need to implement countermeasures. One would hope for political-level stimulus that ascertains Japan's national interests.