

December 14, 2014

**Statement by Yasuchika Hasegawa, Chairman of Keizai Doyukai
On Outcome of the 47th Lower House General Election**

The 47th general election of members of the House of Representatives took place today. The Liberal Democratic Party (“LDP”) is deemed to have gained a number of seats close to the one before the election. LDP and the New Komeito that have advocated a further strong progress in Abenomics through the campaign period will keep running the government with an even more solid political base. We welcome the continuation of the Abe Cabinet. We are hopeful that the reforms focusing on “the third arrow” will be accelerated for the revival of the Japanese economy under the stable long-term government realized by the public mandate.

Our economy is now standing at a crossroad before achieving a sustainable growth. The government and the ruling parties must press ahead with far-reaching structural reforms (reforms of regulations and systems) highlighted by the fields of agriculture, medical care, nursing care, and labor market. An early agreement on the TPP negotiation will, above all, drive the momentum toward a thorough pursuit of the reforms and the economic recovery. We hope that the agreement will be reached early 2015 with Japan’s leadership.

The government’s pledge includes a concrete plan for the fiscal consolidation that will be presented before the summer 2015, reflecting the postponement of the consumption tax hike. On the other hand, it is highly regrettable that a clear direction of the drastic social security system reform, one of the pillar issues, has not been presented yet. Government’s quick initiative to deal with the issue is awaited. Furthermore, a response to the pressing issue to rectify/decrease the number of lawmakers is not good enough only with the latest change in the number of the Lower House seats from 480 to 475, considering that the system is in the unconstitutional state. The government should present to the public a clear vision toward a reduction in the number of seats of both Houses.

Meanwhile, the election ended with a post-war lowest voter turnout. Major factors behind are deemed to be twofold; (1) young people express limited interest in politics, and (2) alternative options as opposed to the ruling parties’ agenda were not available for the public because of the lack of clear and feasible policies presented by the opposition parties. We expect the Abe Cabinet to run the government going forward, bearing in mind that the voting result is based on the lowest voter turnout. The same should apply to all political parties in handling Diet affairs.

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