

**Turning Crisis into Opportunities:  
Emergency Economic Measures and Other Interim Tools  
against Corona Crisis**

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Impacts of the new coronavirus outbreak to the economies and labor markets are said to be equivalent to, or even beyond, those of the 2008 global financial crisis. In the corona crisis, however, there are distinctive features such as 1) the financial sector is not its origin, 2) individuals and businesses facing the difficulties are traceable, 3) recovery from the crisis will be visible as infections recede, and 4) the infrastructure of a society is not disrupted, unlike natural disasters. Thus, economic measures addressing the challenges should reflect these distinctive features. While the 2008 global financial crisis had caused a chain of credit uncertainties due to unforeseeable speed and scale of its explosive spread, the corona crisis is simple in nature as it originates from the coronavirus. We must observe how infections recede in China where they started, and follow the development of vaccinations, making our anti-virus responses level-headed.

**1. Prioritize reassurance to the public and provide targeted monetary assistance, utilizing e-money and other tools**

- Analysis of the features of the corona crisis will suggest that provision of monetary assistance should be prioritized, with a specific focus on maintaining employment and income, for individuals and businesses facing serious challenges. A consumption stimulus package, such as uniform provision of monetary assistance to all individuals, should be avoided as it is likely to end up with more savings. As such, anticipated demand shortage should be dealt with by focusing on maintaining potential of consumption.
- When considering the scheme of providing monetary assistance to individuals, we should look into the possibility of utilizing e-money/e-point that allows for swift and convenient provision. The scheme should also contribute to the realization of policy effects with its

limited term of validity, and to the acceleration of cashless payment services Japan has somehow managed to promote.

- The assistance scheme for businesses should instead reflect rational standpoints in judgment and calculation, drawing on the know-how of insurance companies and other private organizations.

## **2. Invest for sustainable future, leading to introduction of online processing and assistance for supply chain reconstruction**

- First and foremost, aiming at investment for the future, the government measures should assist promotion of corporate digitalization strategy and social online processing in the areas including education, consultations with physicians and pharmacists, and administrative procedures. More teleworking in the society has increased understanding of digitalization. Taking this opportunity, we must endeavor to make our society and city smarter, while reviewing our working style. This will lead to correction of the monopolar concentration in Tokyo, facing challenges such as preparation for the earthquake directly beneath the Tokyo metropolitan area and growth of clusters due to infectious disease outbreak.
- Secondly, the measures should assist global supply chain reconstruction. Accordingly, corporations will diversify their business unit locations through reverse offshoring and other strategies, as more digitalization necessitates a review of management resources required and conditions for location.

## **3. Prepare for post-crisis sustainable economic growth**

- Measures that allow for post-crisis economic recovery and sustainable growth should be included in the discussion agenda now in step with the fiscal stimulus against the crisis. An example of such measures is preparation of basis that facilitates transformation of industrial structure and greater labor mobility.
- This measure should provide human resources of major companies and regional financial institutions with job opportunities for personnel on transfer or secondment. Its objective is recovery of SMEs and regional

economies impacted by the current crisis, assuming use of incentive schemes such as labor mobility assistance subsidy.

- We must keep fighting the coronavirus going forward. In light of insights we already gained about infectious disease response—how to control, not how to eradicate—and our experience of addressing the latest crisis, Japanese government must expeditiously launch a public-private joint project, aiming at the development of vaccinations.

Finally, KEIZAI DOYUKAI will explore the feasibility of correcting the monopolar concentration in Tokyo as well as utilizing human resources of major companies and regional financial institutions, in cooperation with KEIZAI DOYUKAI in each region.

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