

Part I What is the "Japan model"?

Chapter 2

Balancing lives and livelihood: the challenge of trade-offs

The novel coronavirus disease already had a serious impact on the global economy. As represented by a 9.5% drop (or an annualized contraction of 32.9%) in the U.S. GDP in the April-June period of 2020 (in real terms, from the previous quarter), the world's major economies including Japan suffered a GDP contraction that was even larger than in the global financial crisis following the Lehman Shock of 2008. According to the OECD Economic Outlook, released by the Organization for Economic Co-operation and Development in June, the global economy was predicted to shrink 6.0% in 2020, and it was estimated that this figure would deteriorate to a drop of 7.6%¹ if the world was hit by a second wave of the pandemic.

This crisis has essentially different characteristics from the past economic crises triggered by the oil crisis, the global financial crisis, the Great East Japan Earthquake and the Fukushima Daiichi nuclear power plant accident. For example, in this crisis, there was no damage to capital equipment, and most people who died of COVID-19 were elderly people who had already retired from the labor market – so the impact on the working population was relatively small compared to large-scale disasters in the past. However, the greatest feature of the COVID-19 crisis is that the very economic activities of production and consumption lead to the spread of infection due to the characteristics of this disease, which is transmitted from person to person.

In the case of an economic crisis in general, the basic countermeasure is to boost demand through monetary and fiscal policies and stimulate people's consumption behavior. In this crisis, however, measures to create demand and consumption would fuel the expansion of infection. On the other hand, if economic activities were suspended to avoid the spread of infection, the economic crisis would become even more serious. During the novel coronavirus crisis, the issue of this "trade-off between lives and livelihood" – how to balance infection control and economic activities, how to set priorities, and ultimately what should be saved and what should be given up – is being questioned at different levels in this country – individuals, organizations and the central government.

This chapter will attempt to show how the Japanese government responded to this issue of trade-offs between people's lives (health) and livelihood (economy) brought about by the pandemic and what kind of results were achieved by the response. It aims to explore the real picture of the "Japan model" from the aspect of economic measures through examining these matters.

1. Policies the Japanese government implemented to protect people's lives and livelihood

In order to protect people's lives and health from the novel coronavirus disease, the governments of many countries imposed “lockdowns” (restrictions on socio-economic activities in a target area, or “city blockade”) to curb those activities to prevent infection. At the same time, to protect people's livelihoods from a decline in their income as a side effect of these measures, emergency support through economic, financial and monetary policies was provided to households and businesses.

Japan also restricted socio-economic activities to prevent infection and implemented emergency economic support measures for households and businesses, but its approach was different from other developed countries. The government did not impose legally enforceable restrictions on people's activities. It aimed at achieving the two goals of controlling COVID-19 infections and limiting damage to the economy by pursuing a combination of a cluster-based approach, which traced individual cases, and people's behavioral change centered on self-restraint in social activities and business closure requests without penalties.

This section will discuss various measures taken to ensure “compatibility” of the two goals and the basic ideas behind the policy.

1.1. The state of emergency and soft lockdowns

On April 7, 2020, the government declared a state of emergency based on the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response until May 6² to curb the spread of the novel coronavirus infection in Japan. However, legal effects of the state of emergency issued under the special measures act were limited under the Japanese system, and urban lockdowns like those introduced in China, Europe and other countries, which punished those who violated the stay-home order and temporary business closure, could not be enforced.

Therefore, even before the declaration of the state of emergency, the government had made requests for people to refrain from going out and holding large-scale events, and adopted a policy of encouraging citizens to change their behavior by expecting voluntary cooperation in response to such requests.

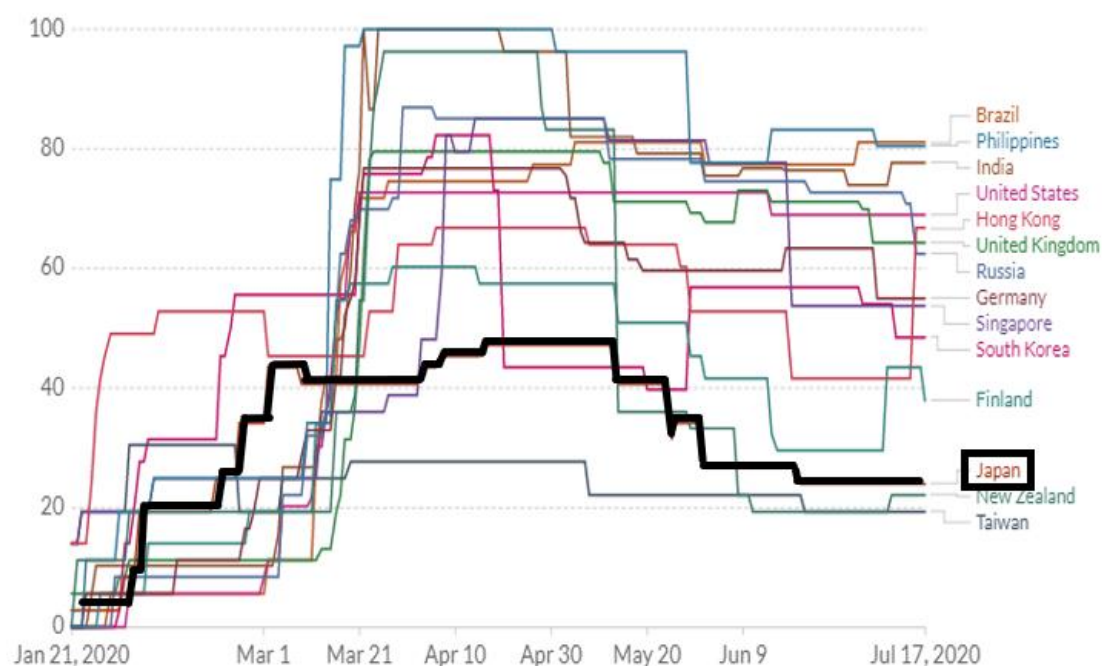
Restrictions on socio-economic activities, such as lockdowns, were enforced in many countries from March to April. The University of Oxford in Britain surveyed policies introduced by countries to encourage people's behavioral change, compiling a “Government Response Stringency Index.”³

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The graph shows that Japan tightened restrictions on socio-economic activities even before the state of emergency was declared, and the timing of the tightening was relatively early compared with other countries. Meanwhile, the level of restrictions was lower than in other developed countries and the restriction were eased relatively early.

Japan's policy of encouraging people's behavioral change, which can be called a "soft lockdown," was somewhat distinctive among countries around the world, a factor that symbolized Japan's countermeasures to the pandemic.

Stringency of government restrictions on socio-economic activities around the world⁴



1.2. Emergency economic package

On February 13, the government's Novel Coronavirus Response Headquarters discussed allocating the budget for emergency economic measures for the first time to respond to the COVID-19 crisis. The headquarters decided to allocate part of the Fiscal 2020 budget for the "Comprehensive economic measures to create a future with security and growth," adopted by the Cabinet on December 5, 2019, for use in countermeasures for the novel coronavirus disease. As the first economic measures to cope with COVID-19, the government decided on an economic package (the Novel Coronavirus Disease Emergency Response Package) totaling ¥15.3 billion, including ¥10.3 billion from the reserve fund.

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In implementing this emergency package, the government set a basic policy of taking a series of actions including strengthening measures against domestic infection, tightening border control, and providing support for the tourism industry.

On March 10, the government's COVID-19 headquarters announced its second emergency economic response package. Sharply expanded from the first, the second package included fiscal measures totaling ¥430.8 billion and allocated funds for preventing the spread of infection and strengthening the medical service system, responding to issues arising from temporary school closures and dealing with shrinking business activities and employment. In addition, it included financial measures to the tune of ¥1.6 trillion through government-affiliated financial institutions to provide ample funds for businesses in the country.

As the number of infected cases continued to increase in March and the following months, the Cabinet adopted its first supplementary budget on April 7⁵ when the government declared the state of emergency, and its second supplementary budget on May 27 shortly after the state of emergency was lifted. Through the two extra budgets, the government secured additional spending totaling ¥57.5 trillion⁶ to tackle the novel coronavirus disease.

Overview of the expenses related to emergency economic package against COVID-19 (1st and 2nd supplementary budgets)⁷

First supplementary budget (Approved by the Cabinet on April 7, updated by the Cabinet on April 20)		
1.	Develop preventive measures against the spread of infection and medical treatment structures, as well as pharmaceuticals	¥1,809.7 billion
(2)	Protect employment and sustain business continuity	¥19,490.5 billion
1.	Expanding special measures on the Employment Adjustment Subsidies [¥69.0 billion]	
2.	Liquidity supports to micro, small and medium-sized business operators and others [¥3,831.6 billion]	
3.	A new subsidy for micro, small and medium-sized business operators and others [¥2,317.6 billion]	
4.	A new subsidy for every individual [¥12,880.3 billion]	
5.	A temporal and special subsidy for households with children [¥165.4 billion] and others	
(3)	Recover economic activities through public-private efforts, as the next phase	¥1,848.2 billion
(4)	Develop a resilient economic structure	¥917.2 billion
(5)	Prepare for the future (contingency funds for COVID-19 countermeasures)	¥1,500.0 billion
Total		¥ 25,565.5 billion
Second supplementary budget (Approved by the Cabinet on May 27)		
(1)	Enhancing the Employment Adjustment Subsidy	¥451.9 billion
(2)	Enhancing financial support	¥11,639.0 billion
(3)	Establishing a rent support grant for SMEs	¥2,024.2 billion
(4)	Supporting medical treatment providers	¥2,989.2 billion

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(5) Other supports	¥4,712.7 billion
① Expanding of “Special Allocation for Revitalization to cope with COVID-19” (¥2,000.0 billion)	
② Additional payments to low-income single parent households (¥136.5 billion)	
③ Enhancing the Subsidy Program for Sustaining Businesses (¥1,940.0 billion)	
④ Others (¥636.3 billion)	
(6) Contingency funds for COVID-19 countermeasures	¥10,000.0 billion
Total ¥31,817.1 billion	

1.3. Basic thinking behind the emergency economic measures

1.3.1. “Protecting employment and keeping business viable”

In the “Emergency economic measures to cope with COVID-19,” which was approved by Cabinet on April 7, along with the draft of the first supplementary budget, the basic policy indicated that the economic measures under the state of emergency would be implemented based on the following five pillars: 1) prevention of the spread of infection and establishment of a sufficient medical care system, and the development of therapeutic drugs; 2) protecting employment and keeping business viable; 3) recovery of economic activities through public and private cooperation as the next phase; 4) making economic structure more resilient and 5) preparing for the future.

In particular, regarding “protecting employment and keeping business viable,” it was clearly stated that the government would “protect employment, business activities, and the daily lives of people and overcome the crisis, thereby laying the foundation for a strong economic recovery until the spread of the new coronavirus infection ends. For this reason, various steps taken under the ‘Emergency responses’ will be further strengthened.”

In fact, based on this basic policy, a total of ¥35.9 trillion was allocated in the first and second supplementary budgets for “protecting employment and keeping business viable.” Considering that a total of ¥11.5 trillion was set aside as reserve funds in the first and second supplementary budgets, it would mean that some 80 percent of the ¥46 trillion allocated for other projects would be spent for the purpose of “protecting employment and keeping business viable.”

A Finance Ministry official revealed that the policy of “protecting employment and keeping businesses viable” was discussed as the government’s basic policy because infection control and protecting employment would be the biggest issues during the budget deliberations in the Diet and it was indispensable for businesses to continue in order to maintain employment.⁸

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Prime Minister Shinzo Abe said that the decision to issue a state of emergency was “the most difficult decision” in a series of crisis responses, adding that “Under that law, it would be useless if we failed to gain cooperation of the Japanese people.” Recalling his decision at the time, he also said, “To make the state of emergency effective, people’s feelings must be united [against COVID-19].”⁹ It can be said that the government’s economic measures, which put emphasis on the policy of “protecting employment and keeping business viable,” also served as a social policy to prevent social unrest from escalating and secure public cooperation for the soft lockdown.

1.3.2. Special Cash Payments (¥100,000) – Factors behind the introduction of fixed-amount benefits to all people nationwide

Among the measures for “protecting employment and keeping business viable” adopted by the government, the Special Cash Payments project had a particularly large budget. This was carried out based on a Cabinet decision on April 20, and was a project to hand out ¥100,000¹⁰ in cash to all residents of Japan using a total of ¥12.9 trillion.

Earlier, the Cabinet on April 7 decided on a program to provide a temporary living support (provisional) of ¥300,000 to each household whose annual income was expected to drop by a certain amount or more. However, due to a change in the supplementary budget based on a Cabinet decision on April 20, it was later changed to a uniform benefit of ¥100,000 to all residents (see Part II, Chapter 6 for details).

It was an extremely extraordinary decision. If the supplementary budget once approved by Cabinet changed, it would require another Cabinet decision to reorganize the budget package. Such a large-scale revision to the budget will not be made unless there is a strong convincing reason. Regarding how the decision was made at the time, an official of the Prime Minister’s Office¹¹ said he had argued that economic policy should be focused on those who are really in need, but there were strong opinions from the ruling parties that it should be distributed to everyone. When public opinion began to favor an equal distribution of benefits to everyone, Prime Minister Abe said, “When the society is depressed with frustration, we must make a political decision,” according to the official.

2. Impact of the Japan model

Did Japan’s economic measures mentioned above succeed? What should be evaluated as a successful economic policy is a very difficult question. However, whether the objective of “protecting employment and keeping businesses viable” mentioned in 1.3. has been achieved or not should at least be examined in this report.

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In this section, we will examine how the COVID-19 pandemic affected the Japanese economy, and how the government's economic policy worked in that process. Of course, it is impossible to prove causal relationships between the government's policies and their outcomes,¹² but by conducting as much international comparison and analysis as possible from the currently available data, this report will try to closely examine the measures taken by the Japanese government and their achievements.

2.1. Economic growth rate

2.1.1. Comparing Japan's GDP with those in other countries around the world

The novel coronavirus disease has brought massive damage to the world's economy. Japan's GDP (in real terms) in the January-March quarter of 2020 declined 0.6% (or an annualized 2.3% contraction) from the previous quarter and shrank 7.9% in the April-June quarter (annualized 28.1% fall). That greatly exceeded the annualized contraction of 17.8% in the January-March period of 2009 during the global financial crisis, demonstrating the magnitude of the impact of the pandemic. However, compared to other developed countries, Japan's economic performance did not appear to be so bad.

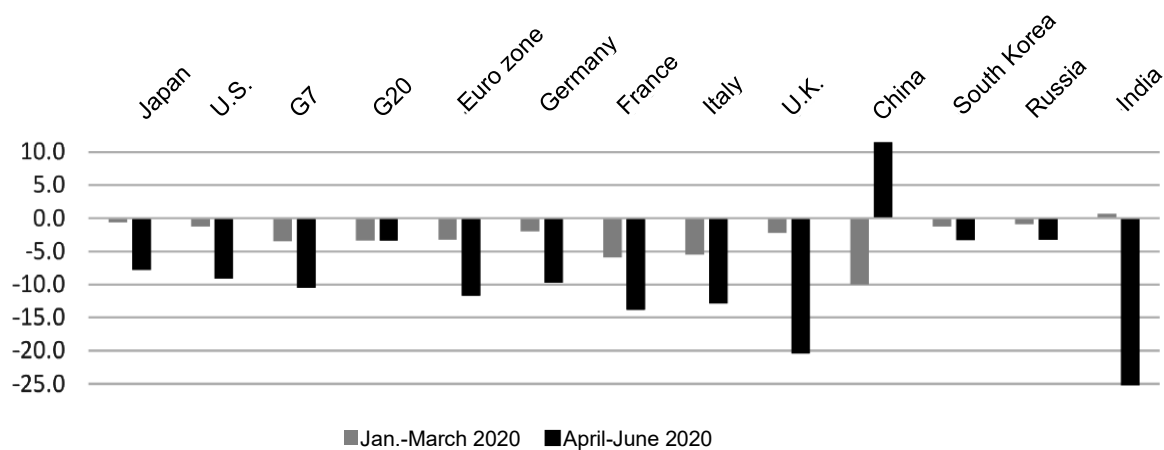
In the April-June period of 2020, China, which was the first to contain the outbreak of the novel coronavirus domestically, recorded one of the fastest growths in the world. In addition, countries such as Russia and South Korea, which had higher growth than Japan before the pandemic, fared better than Japan during this quarter.

On the other hand, Japan's economic performance for the April-June quarter was better than the Group of Seven countries' average of a 10.5% contraction, and its margin of decline was limited compared to the United Kingdom, which recorded the largest contraction in Europe (-20.4%), and other European countries that sustained major economic damage, such as France (-13.8%) and Italy (-12.8%). Even compared to Germany (-9.7%), deemed the leading economy in Europe, and the United States (-9.1%), the world's largest economy, the damage Japan suffered from the crisis was relatively limited.

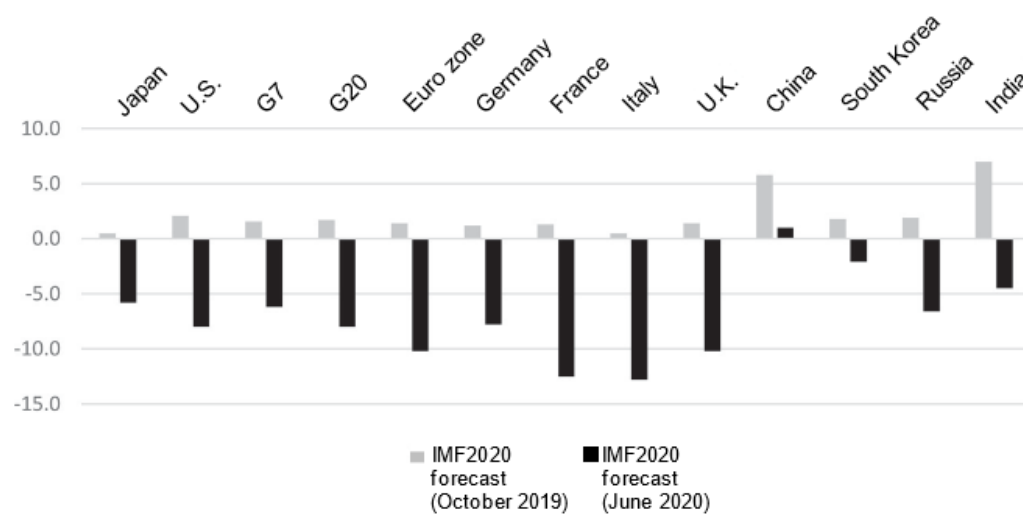
In comparing the full-year growth projection for 2020 as of October 2019 with the forecast given in June 2020, which incorporated the impact of the COVID-19 crisis, Japan managed to keep its rate of decline from the initial forecast smaller than other developed countries.

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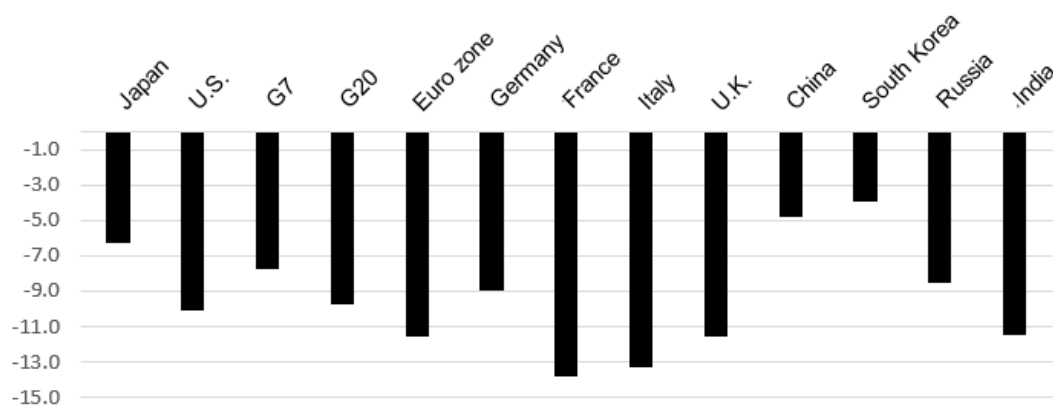
Comparison of GDP growth in the Jan.-March quarter and the April-June quarter of 2020 (%)¹³



Comparison of 2020 GDP growth forecast (%)¹⁴



Gap in GDP growth forecast before and after the COVID-19 crisis
(In percentage point, between the October 2019 and June 2020 forecasts)¹⁵



2.1.2. Possible factors behind the outcome

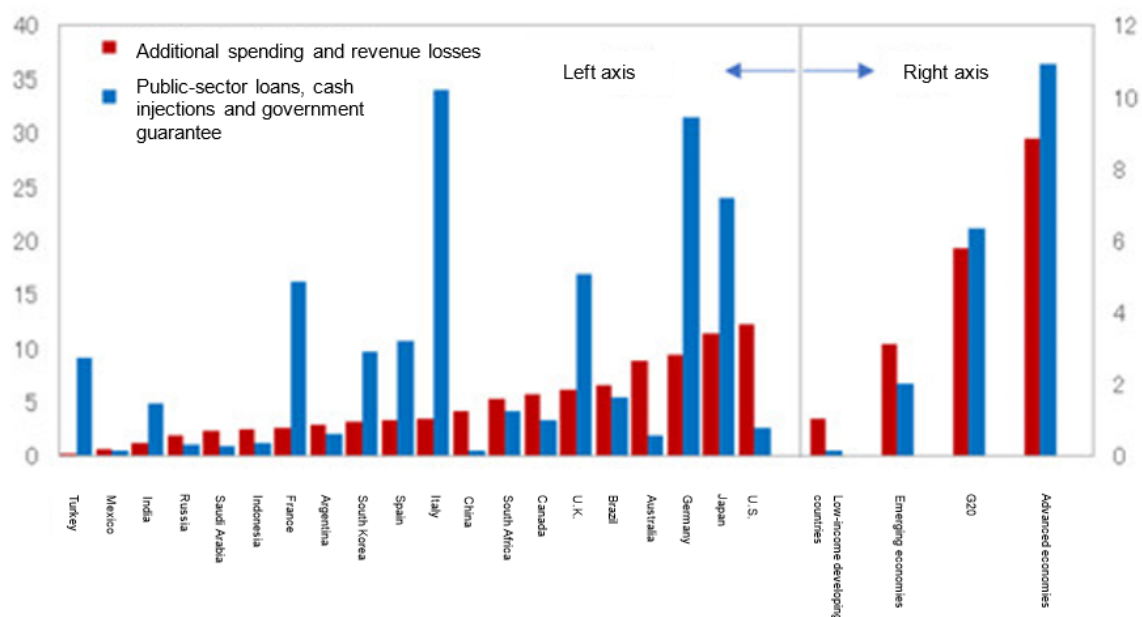
2.1.2.1. Comparing the scale of fiscal expenditure

Despite the relatively large damage, Japan's economic performance in terms of GDP growth was relatively better than other developed countries such as the rest of the G7 members. A possible factor behind this was the existence of large-scale fiscal measures. As shown in 1.2., the government implemented large fiscal spending as an economic stimulus through the two supplementary budgets. It is possible that such large-scale fiscal measures worked to mitigate a sharp decline in economic growth to some extent.

The figure below compares the fiscal measures taken by Japan and other G20 countries in dealing with the novel coronavirus disease.

As shown in the graph, "Total global fiscal support so far has been split almost evenly between above-the-line – measures with a direct effect on revenue and expenditure such as deferral of taxes and cash transfers – and below-the-line support, which includes public sector loans, equity injections and government guarantees," according to an IMF report.¹⁷

Fiscal measures taken by G20 countries (in proportion to GDP)¹⁶



Looking at the average size of fiscal policy packages in developed countries, additional investments and revenue losses (bars on the right) accounted for more than 8% of GDP, while public sector loans, capital injections and government guarantees (bars on the left) accounted for more than 10% of GDP. In light of these figures, it can be said that Japan's fiscal measures, with the former being just over 10% and the latter being just over 20%, were fairly large-scale among developed countries. On the other hand, Italy, the U.K. and Germany introduced financial measures equally large or greater than Japan's in proportion to GDP in terms of the combined amount of “freshwater measures” and other measures that did not directly come from government coffers.¹⁸

Though Japan's fiscal measures were among the largest in the world, other developed countries also implemented large-scale fiscal measures, and it is difficult to immediately conclude that differences in scale alone led to differences in their performance in terms of GDP growth.¹⁹ Since fiscal packages are also usually implemented over a certain period of time, the impact of the fiscal measures to deal with the COVID-19 crisis was not something that would be immediately reflected in economic growth for the April-June period. Therefore, it is natural to think that there are other circumstances behind Japan's relatively good performance.

2.1.2.2. Comparing stringency of lockdowns

As mentioned in 1.1., Japan's “soft lockdown” policy was clearly different as the timing of its implementation was relatively early from an international perspective.

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Its level of severity was relatively low and the timing of its lifting was also relatively early compared to other developed nations.

According to a study by the Oxford University, Taiwan, just like Japan, was one of the countries that adopted a mild behavioral change policy in terms of the severity of social economic restrictions. And Taiwan's GDP growth in the January-March period and the April-June period of 2020 were 1.6% and negative growth of 0.6 %, respectively, which were stronger than Japan's.

Of course, it is not appropriate to simply compare Japan and Taiwan based on those figures because Taiwan's growth rate is generally higher than Japan's and there are not many countries that can make a suitable comparison in this respect.

It is possible that damage to the economy was limited because the novel coronavirus outbreak was not serious enough in the first place so it could survive with a soft lockdown, not because it was a soft lockdown. However, given the terrible performance of the leading European countries that carried out hard lockdowns, it cannot be denied that there may be some connection between the stringency of lockdowns and economic growth rates.²⁰

2.1.2.3. Factors that pushed down Japan's GDP and comparison of industrial structure

Preliminary Cabinet Office data²¹ shows that of the 7.9% decline in Japan's GDP in the April-June quarter, a drop of 4.9% was due to sluggish domestic demand, which included personal consumption, and the remaining fall of 3.0% was due to slow external demand including export of goods and services.

In particular, personal consumption, which accounts for a majority of Japan's GDP, recorded a decrease of 8.2% from the previous quarter, showing a sharp drop in service consumption, such as eating out and travel.

In addition to the stagnation in logistics and supply due to the lockdown in China, which is the production base for many companies, and the decline in automobile exports due to shrinking overseas markets, consumption by inbound tourists, which is classified as a "service export" in GDP calculations, almost disappeared as international travel was severely restricted. In fact, the total number of foreign visitors to Japan, which reached some 32 million in 2019, was less than 4 million in the January-June period of 2020. Consumption activities by inbound tourists had almost completely stopped especially since April when the state of emergency was declared, with the number of foreign visitors recording a year-on-year decline of 99.9% every month.

Looking at the situation in each country from the perspective of the percentage

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of tourism in national GDP, countries such as Spain (14.3%) and Italy (13.0%), whose economies rely heavily on tourism, recorded sharp negative growth during the COVID-19 crisis. (On the other hand, the share of tourism in GDP was 9.1% in Germany, which saw higher economic growth than these countries, 8.6% in the United States, 7.0% in Japan, and 4.2% in South Korea.) Of course, the proportion of tourism in the country's GDP cannot explain everything. However, since the pandemic has had a major impact on industries such as automobile and IT-related manufacturers, restaurants, and tourism, it is possible that differences in the industrial structure and demand composition of each country have led to the differences in demand declines in each country.

2.1.3. Observation

Looking at economic indicators alone, Japan fared relatively better than other developed countries in terms of GDP growth.

It is still unclear at this point how Japan's emergency economic measures contributed to this outcome, but the first supplementary budget was executed starting in April and the second supplementary budget after the end of May. Considering that it will take a certain time for these financial measures to have effects on the economy, it is possible that implementing a soft lockdown under a policy to encourage people's behavioral change had a certain impact on Japan's economic performance.

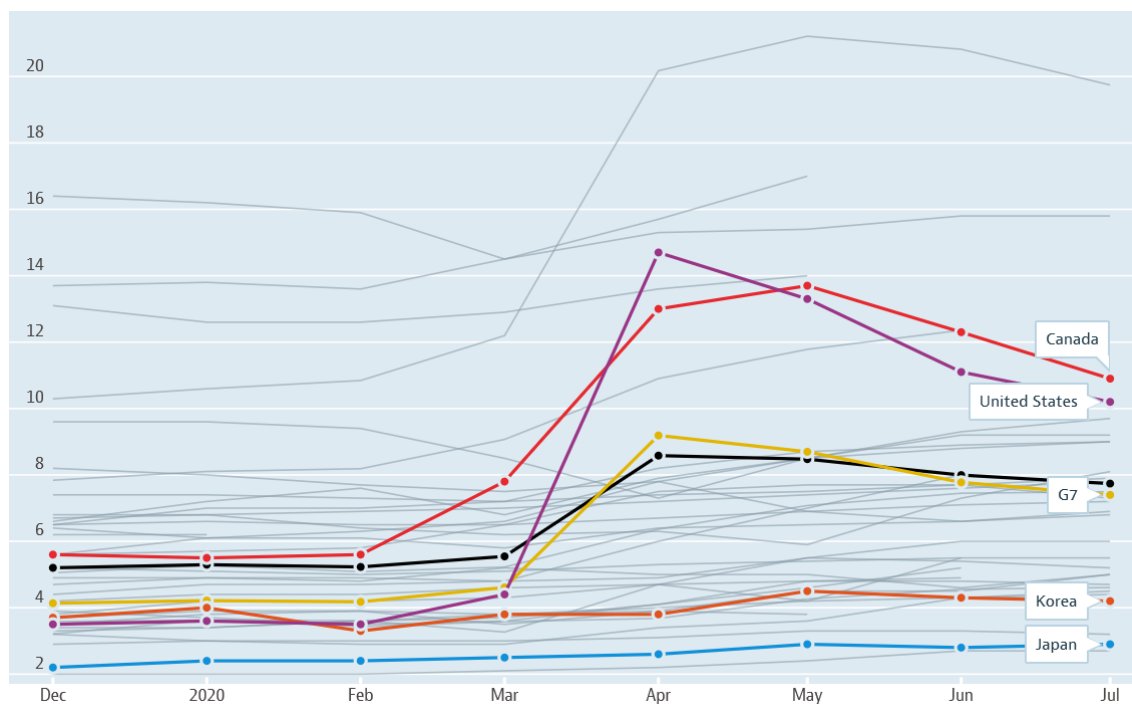
In addition, the main factors that pushed down Japan's GDP were the decline in personal consumption, sluggish exports due to disruption of the supply chain, and the disappearance of consumption by inbound tourists, mainly caused by the closing of borders around the world due to the novel coronavirus pandemic. Considering that Italy and Spain suffered even severer economic damage than Japan, however, it is possible that the economic growth rate of each country during the crisis may have been strongly influenced by the industrial structure of the country, including inbound tourism consumption and dependence on external demand.

2.2. Unemployment rate

2.2.1. Comparison of Japan's jobless rate with other countries

The novel coronavirus crisis has deteriorated corporate performance, and even if companies have not gone bankrupt, the number of non-regular workers being suspended or dismissed by firms has gradually increased. Japan's unemployment rate reached 2.9% in May 2020, 2.8% in June, and 2.9% again in July, slightly worse than pre-crisis levels (approximately 2.2-2.4%).

Comparison of unemployment rates in major economies (From December 2019 to July 2020)²⁵



Meanwhile, turning to the rest of the world, employment situations in Europe and the United States were even more serious. The jobless rate in the United States jumped from around 4% to 14.7% in April. It improved to 13.3% in May and 11.1% in June, but U.S. unemployment rates are still at historically high levels. The graph above indicates that the average unemployment rate among the G7 countries and the OECD average (black line) have also risen since April 2020.

2.2.2. Possible background reasons

2.2.2.1. Subsidies for employment adjustment

Looking only at the unemployment rate, Japan seems to have succeeded in limiting the increase to a certain extent compared with other countries. That was good news for the Japanese government, which placed its policy focus on “protecting employment and keeping business viable.”

A policy measure that may have made this possible is the employment adjustment subsidy. Beginning on April 1,²⁶ as a special measure for employment adjustment subsidies, the government took steps to provide subsidies up to ¥15,000 a day for each worker to cover part or all of the furlough allowances paid by companies to workers. Under this program, as an incentive for companies, an additional amount was provided to businesses that did not dismiss their workers.

As of July 17, the government received some 520,000 applications for employment adjustment subsidies (special measures). Of those applications, about 390,000 had been approved, and by the same day, a total of about ¥350 billion had been paid out.²⁷

2.2.2.2. Unemployment insurance system

In addition to the effects of these policies, Japan's unemployment insurance system is one of the reasons why companies refrained from dismissing employees even during the pandemic.

Japan's unemployment insurance benefits are paid only to those who are unemployed and are actually looking for work, and workers who are on leave, refraining from working - temporarily dismissed or people who have informally been accepted by another company cannot receive unemployment benefits.

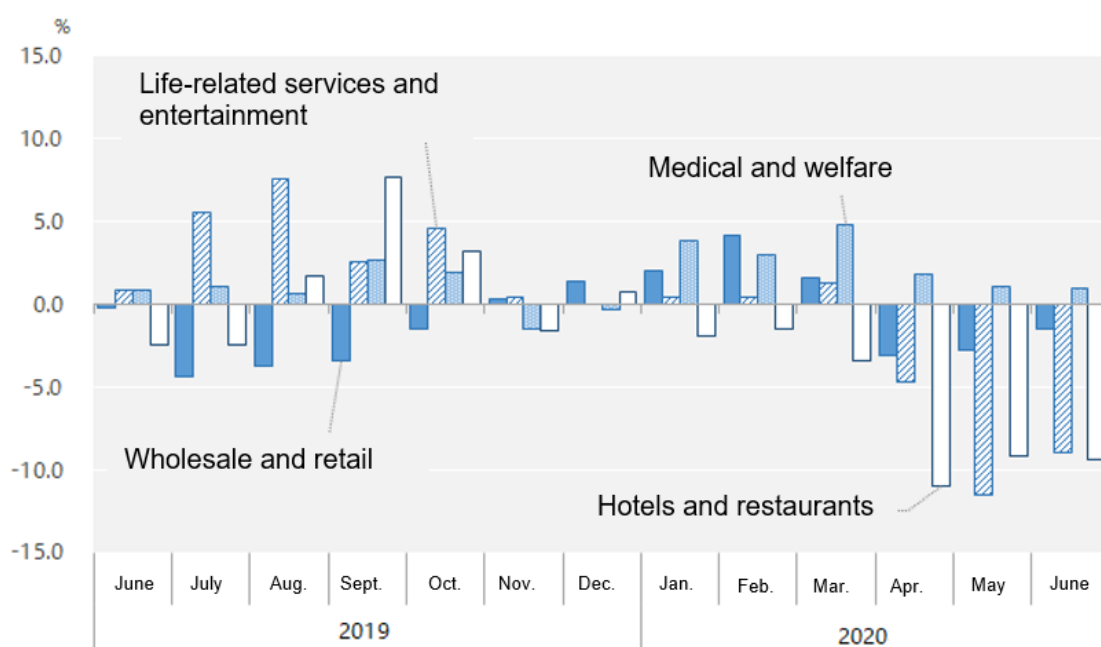
Therefore, to prevent employees from failing to qualify for unemployment insurance benefits, Japanese companies cannot take the flexible step of layoffs to temporarily dismiss employees when their business is suffering while promising to re-employ them when business performance recovers.

In this respect, it is quite different from the U.S. system, in which companies can lay off workers during a period of poor business performance with promises of re-employment, and the laid-off workers can receive benefits under unemployment insurance.

2.2.2.3. Employment liquidity

Data on the number of employees by industry compared to the same period in the previous year showed that workers in the hotel, restaurant, lifestyle-related and entertainment industries declined, especially from April, while the number of employees continued to increase in the medical and welfare industries from the beginning of 2020. It can be pointed out that in the face of the emergency situation triggered by the COVID-19 crisis, the liquidity of employment in these sectors may have contributed to containing unemployment as a whole.

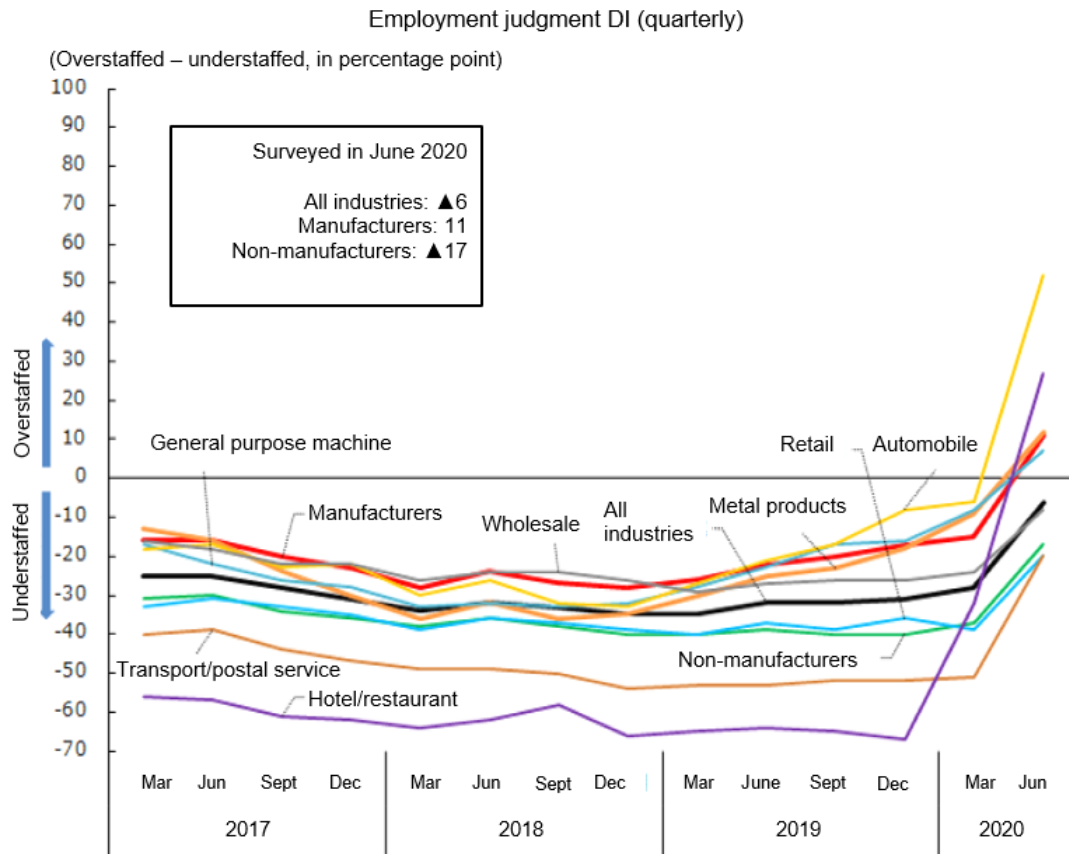
Changes in the number of the employed by industry in Japan (monthly, original number, year-on-year)²⁸



2.2.2.4. Chronic shortage of workers

As shown in the graph below, labor shortage has become a norm in almost all industries in Japan in recent years. Thus, it should be noted that there was not a great deal of staff reduction or dismissal by companies because workers did not become redundant immediately despite the decline in demand due to the COVID-19 crisis.

Overstaffed/understaffed situation by industry²⁹

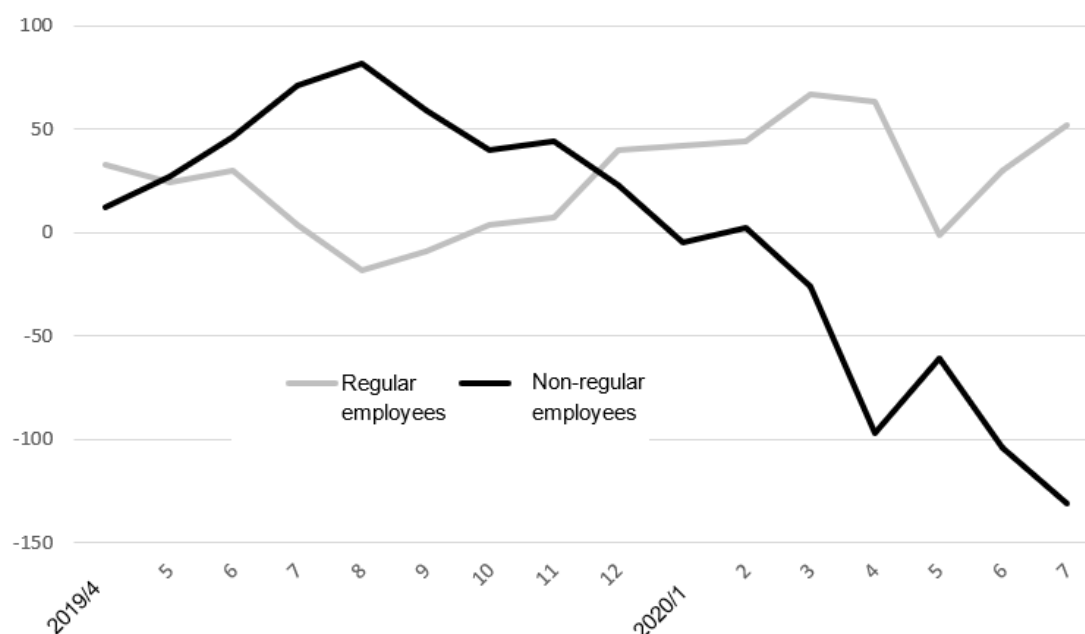


2.2.2.5. Increase in non-working population

There is another theory that Japan's unemployment rate did not rise sharply because some workers left the labor market after the state of emergency was declared and were not counted as unemployed.

According to the Labor Force Survey released by the Statistics Bureau of the Internal Affairs and Communications Ministry,³⁰ the non-labor force population in the April-June period of 2020 was 42.04 million, an increase of 460,000 from a year earlier. The unemployment rate is calculated as the ratio of the unemployed to the labor force, and if part of the labor force shifted to the non-labor force (specifically, people who attend schools, domestic workers, the elderly, etc.) in this way, those people are not statistically counted as the “unemployed.”

Number of employees by employment status (Year-on-year change, unit: 10,000 people)³¹



Of the 460,000 increase in the non-working population during the April-June period, 310,000, or 70%, were women. It is possible that those who lost their jobs (such as part-time jobs) after the state of emergency was issued and then became domestic workers without looking for work may have led to a significant increase in the non-labor population. They effectively became unemployed, but those effectively unemployed people may not be accurately captured in the calculation of the unemployment rate.

As for the increase and decrease in the number of workers by type of employment, the number of regular employees increased from February 2020, while the number of non-regular employees significantly decreased on a year-on-year basis. This suggests that non-regular workers were preferentially dismissed. It can be seen that the “division” of employment that had been smoldering in Japanese society in recent years resurfaced due to the COVID-19 crisis.

2.2.3. Observation

According to the government's objective of “protecting employment and keeping business viable,” Japan managed to avoid a sharp increase in its unemployment rate even

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during the crisis (at least as of July) compared to other countries such as the United States and Canada, where the number of the unemployed rose significantly. Thus, relatively speaking, it can be said that Japan's policy objectives were achieved.

However, such results were not only due to policy effects such as employment adjustment subsidies, but also because of the unemployment insurance system in Japan, which may have prevented companies from making flexible employment adjustments. It was also possible that workers in the restaurant industry, who became redundant due to the COVID-19 crisis, shifted to the medical and welfare sectors, which suffered from a manpower shortage.

Due to the chronic shortage of labor supply, it is also possible that companies refrained from dismissing their employees despite the decline in demand. The actual situation might not have been accurately reflected in calculating the unemployment rate in the first place. In addition, it should be noted that there is a possibility that regular employees were protected through the dismissal of non-regular employees.

Furthermore, a report "Information on the impact on employment caused by the novel coronavirus infection," compiled by the Health, Labor and Welfare Ministry showed that, as of July 17, there were 67,115 businesses that might go through employment adjustments, with the number of workers expected to be dismissed reaching 36,750. This suggests that people losing jobs may increase further in the near future. Since any impact on the employment situation usually becomes clear after the lapse of a certain period of time following a deterioration in business conditions, it is not accurate to conclude only based on the situation up to July that the Japanese government's efforts to protect employment were successful.

2.3. The number of bankruptcies

2.3.1. The number of bankruptcies in the novel coronavirus crisis

On June 30, the Bank of International Settlements (BIS), comprised of central banks around the world, warned in its annual economic report that it was highly possible that corporate bankruptcies would surge worldwide as the economic damage of the novel coronavirus widened around the world.

As widely reported in the news media, developed economies saw a series of bankruptcies of major companies. Even among U.S. firms, which has been a trailblazer in the field of business management and MBAs, leading well-known corporations and long-established companies that represented their sectors (as shown below) went bankrupt by filing for Chapter 11 of the U.S. Bankruptcy Code, entering into protection procedures from creditors.

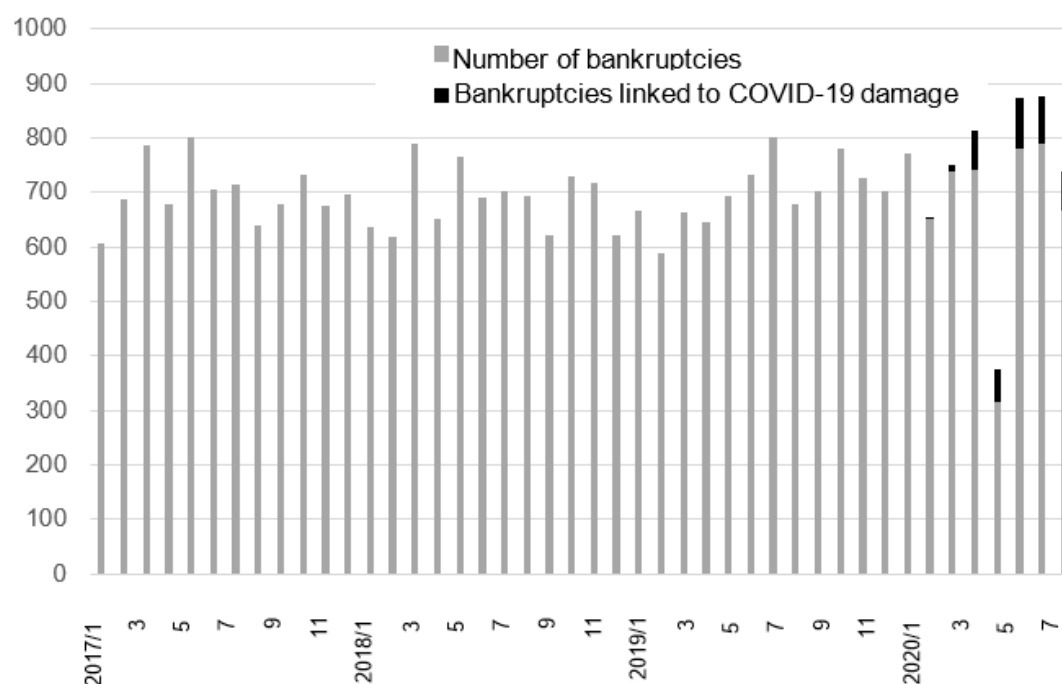
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- Luxury department store Neiman Marcus
- Long-established department store JC Penney
- Rent-a-car company Hertz Global Holdings
- Healthcare company GNC Holdings
- Shale gas development firm Chesapeake Energy
- Restaurant chain NPC International (operates Pizza Hut, etc.)
- Long-established apparel maker Brooks Brothers

Outside the U.S., companies such as Fauchon, the French luxury grocery brand famous for tea, Cirque du Soleil Entertainment Group, the popular Canadian circus theater company, and the British apparel brand Laura Ashley went under due to the COVID-19 crisis. As the sharp decline in travel demand put pressure on the business of many airlines, major Australian airline Virgin Australia Airlines and Thailand's flag carrier Thai Airways International were forced into bankruptcy.

Japan had 335 bankruptcies induced by the COVID-19 crisis nationwide by July 17. However, comparison with bankruptcy data in the past shows that the crisis did not lead to a surge in the number of corporate failures at least as of July.

Number of bankruptcies in Japan by month³⁵



2.3.2. Possible background behind the current situation

2.3.2.1. Subsidy Program for Sustaining Businesses

One of the government's policy measures deemed to have contributed to preventing large-scale corporate bankruptcies from the COVID-19 crisis is the Subsidy Program for Sustaining Businesses. This was a program established for the purpose of supporting companies run by individual business owners and small and medium-sized enterprises affected by the pandemic to resuscitate their business. Each company received an amount equivalent to the decline in its revenue from the previous year – up to ¥1 million for individual business owners and ¥2 million for SMEs. About 2.89 million SMEs and individual business owners received benefits under the program by August 3, with the total amount paid out reaching some ¥3.8 trillion.

2.3.2.2. Ample funding through monetary policy

As described in 1.2., the government introduced a large-scale monetary policy as part of the emergency economic package for the novel coronavirus disease in order to ensure “business continuity.” From the perspective of providing additional financial support to businesses, measures to provide virtually interest-free, unsecured, and deferred loans of up to five years were expanded to private-sector financial institutions under the first supplementary budget by utilizing institutional loans from prefectural and other local governments.

Furthermore, as public support through finance policy based on the Japan Finance Corporation Law, the Development Bank of Japan and the Central Bank of Commerce and Industry received a crisis designation from the Finance Ministry and received credit from the Japan Finance Corporation (lending funds from JFC, damage collateral contract) to provide loans to medium-sized and large companies. By July, the total amount of loans under this program had reached about ¥1.9 trillion.

From March 2020, there were active moves to form a commitment line to secure liquidity on hand, especially for large companies, with the aim of responding to the COVID-19 crisis. In particular, loans to large companies, mainly by mega-banks, peaked in April (with an increase of about ¥8 trillion), and a total amount of loans provided by three mega-banks (Mitsubishi UFJ Bank, Sumitomo Mitsui Banking Corp. and Mizuho Bank) in the April-June period of 2020 increased by some ¥12 trillion.³⁶ This was deemed a joint emergency response by companies and the financial institutions that support them.

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Due to such an abundant supply of funds, the supply of money such as cash and deposits in the market reached ¥1,452.7 trillion as of July, up 6.5% from a year ago. This was the sharpest growth since the government began taking statistics, and the outstanding balance itself hit a record high. Corporate deposits increased due to the supply of funds from financial institutions, and deposit currencies reached ¥793.6 trillion, up 14.1% from the previous year.

It can be assumed that the ample supply of liquidity funds on hand to companies through these loans prevented companies from facing credit uncertainty and ensuing bankruptcies to some extent.

Crisis response loans by designated financial institutions under the Japan Finance Corporation Law³⁸

		July 2020		Cumulative total (From March 19 to July, 2020)	
		Amount (¥100 million)	Number of cases	Amount (¥100 million)	Number of cases
Loans	Designated financial institutions	2,633	51	18,908	165
	Shoko Chukin Bank	39	8	132	18
	Japan Finance Corporation	2,594	43	18,776	147
Damage collateral	Designated financial institutions	8	2	1,338	5
	Shoko Chukin Bank	8	2	38	4
	Japan Finance Corporation	0	0	1,300	1

2.3.2.3. Abundance of corporate internal reserves

Behind the smooth supply of funds through such indirect finance is the abundance of corporate internal reserves that existed as net assets to enable companies to obtain loans.

Aside from the pros and cons of businesses accumulating internal reserves (retained earnings), the internal reserves of Japanese companies reached a record high of ¥479 trillion in the October-December period of 2019. With the subsequent economic downturn due to the novel coronavirus disease, many companies secured liquidity on hand by borrowing funds from banks. In fact, the cash and deposits of Japanese companies, which stood at ¥202 trillion in the October-December period of 2019, reached ¥224 trillion in the April-June period of 2020. On the other hand, companies that posted

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losses due to a significant drop in sales tapped into their retained earnings. In fact, the amount of internal reserves was down from ¥479 trillion in the October-December period of 2019 to ¥459 trillion in the April-June period of 2020, when the COVID-19 crisis was raging.

It is conceivable that such abundant internal reserves acted as a cushion to absorb corporate losses, and to some extent prevented companies from immediately going under even as they suffered declines in sales in the economic downturn in the April-June quarter.

2.3.3. Observation

Possible factors that prevented large-scale bankruptcies among Japanese companies due to the COVID-19 crisis, at least as of July, include the fact that companies could secure sufficient liquidity of funds on hand through government-affiliated financial institutions and mega-banks, as well as the support for small and medium-sized enterprises through the Subsidy Program for Sustaining Businesses.

On the other hand, in the April-June period of 2020, many companies posted huge operating losses, especially in the airline, travel and restaurant industries. It was estimated that internal reserves of ¥20 trillion were withdrawn across all industries during this period, and it can be assumed that the decrease in net assets was even greater in sectors such as the aviation industry that suffered a severe impact from the pandemic.

It can be assumed that large-scale corporate bankruptcies were avoided due not only to the effects of the government's fiscal and monetary policy, but largely due to fortuitous circumstances – that companies had kept abundant internal reserves. However, not all internal reserves could be used freely by companies, and companies could not simply say, “We are OK because we still have ¥460 trillion in our reserves.” Moreover, there are limits to the resources of banks lending to those firms, and there is always a risk that the funds they supplied to cope with the crisis will become nonperforming loans. If a situation like the April-June period of 2020 continued for a long time, it is quite possible that large companies would go bankrupt due to poor cash flows and that small and medium-sized companies would also go under in a chain reaction. It should be remembered that the situation in the first half of 2020 was just the result of the nation managing to respond quickly to short-term economic shocks.

In addition, according to one survey, it is estimated that 50,000 firms would close or dissolve in 2020.⁴⁰ As the problem of business succession has become more serious due to the aging of business owners and labor supply shortages, the number of business closures and dissolutions has been at a high level of 40,000 or more a year since 2016. The decline in demand due to the pandemic will add to that. In the same survey, the percentage of SMEs which responded that they were “considering closing business” was 7.7%, of which 45.1% answered that closing business within a year was a possibility. It

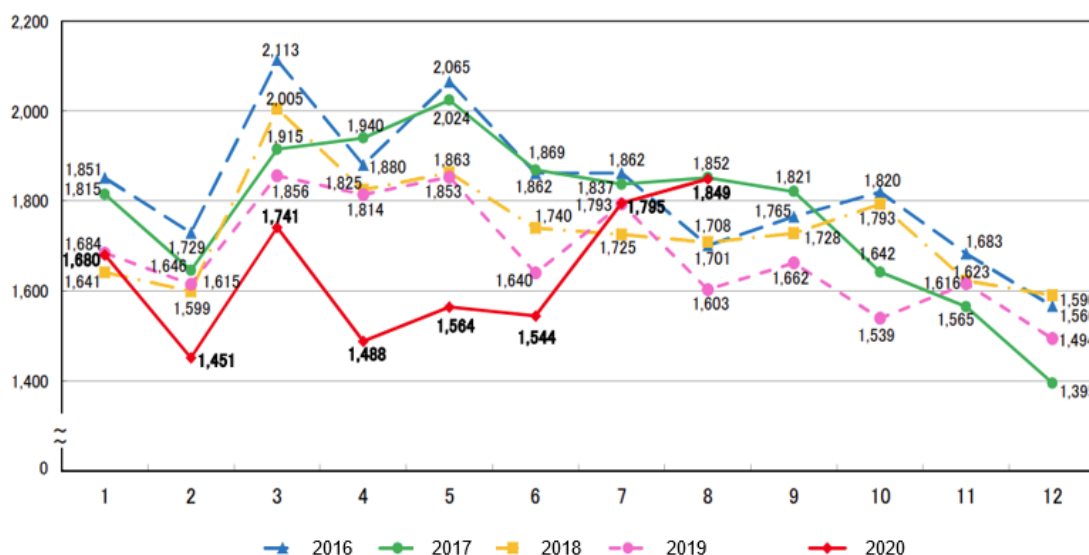
is necessary to fully take into account the possibility of further business closures and dissolutions, instead of just paying attention to the number of bankruptcies so far.

2.4. The number of suicides, crimes and applications for welfare benefit

“When the unemployment rate rises by 1 percentage point, the suicide rate goes up, which has a clear correlation,” said one senior government official, emphasizing the need for economic measures to prevent the suicide rate from rising. As shown in 2.2.1., Japan's unemployment rate reached 2.9% in May and 2.8% in June 2020, compared with the pre-pandemic level of 2.2-2.4%, but the number of suicides in May and June remained low compared to the average year.

According to the data on suicides in Japan over the past five years, the number in 2020 thus far has been low compared to other years. The number of suicides especially in the April-June period, when the nation was under the state of emergency, was exceptionally low. As far as the first half of 2020 is concerned, there was no huge increase in the number. However, it seems to be on the rise from July, and it is necessary to take precautions that the number could possibly increase further in the coming months if employment conditions worsen and self-restraint on people's activities continues for a long time.

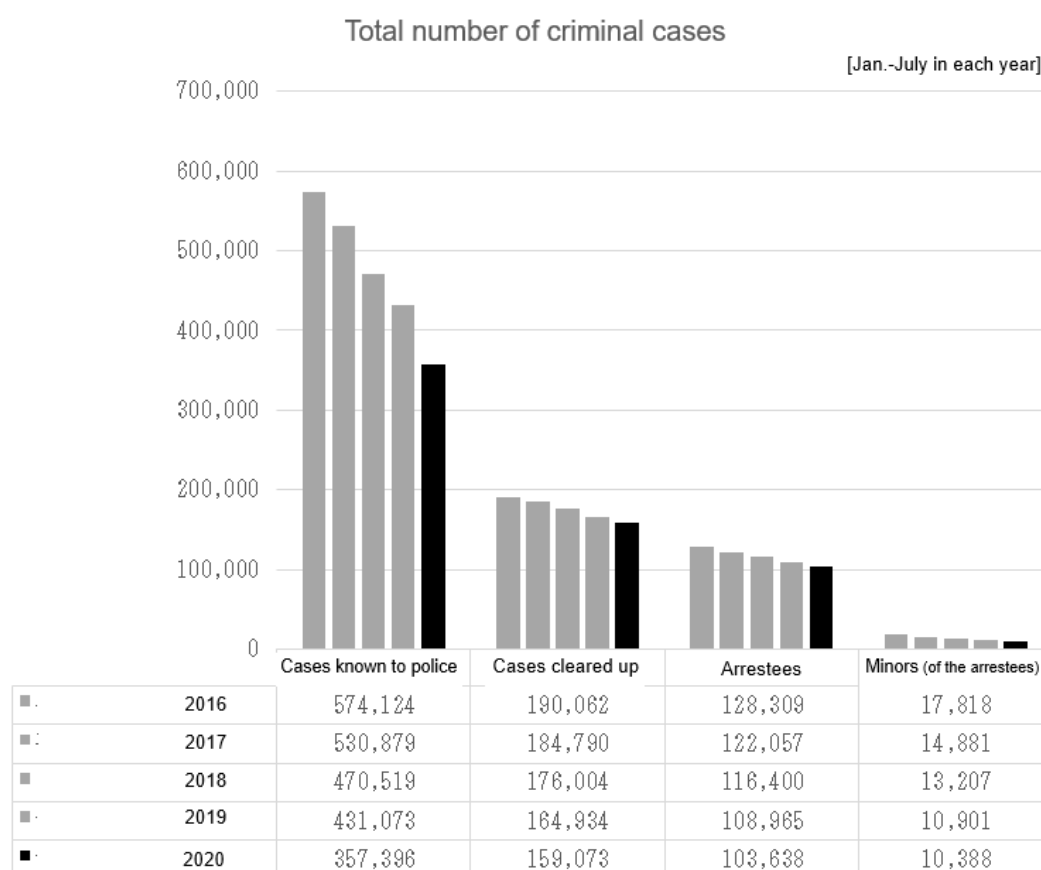
Number of suicides based on National Police Agency statistics⁴²



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The number of crimes in the January-July period of 2020, meanwhile, was at the lowest level in the past five years. As far as this figure is concerned, it can be said that the spread of the novel coronavirus disease did not trigger an increase in social unrest or a rise in the number of crimes in Japan.

Number of criminal cases based on National Police Agency statistics



As for the number of applications for welfare benefits, it was 21,486 in April (up 24.8% from the same month in 2019) when the state of emergency was declared, marking the sharpest increase ever since statistics began eight years ago. But the number was 17,981 cases in May (down 9.7% from a year ago) and 17,190 cases in June (down 4.4%), falling year-on-year for two months in a row. In the three months from April, applications totaled 56,657, up only 2.8% from 55,099 in the same period last year. It is possible that some people who effectively lost their jobs as businesses were suspended under the declaration of the state of emergency have applied for welfare benefits. It is yet another indication that the COVID-19 crisis has also affected individual incomes.

As mentioned above, the number of suicides and crimes in the first half of 2020 did not increase significantly due to the crisis, and the number of applications for welfare benefits only rose by less than 3% in the April-June period from a year ago. Although it

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was highly likely that the pandemic placed some people in dire straits, we could not confirm that such a situation produced social unrest such as a jump in the number of suicides or crimes, at least as of July 17, the end of the period covered by this report.

2.4.2. Possible background

Indicators related to social unrest, such as the number of suicides, crimes, and applications for welfare benefits, tend to rise in the absence of security in personal life. The main policy response taken by the government to prevent this was the Special Cash Payments program explained in 1.3. The program provided a uniform ¥100,000 to all the people listed in the basic resident registration system, and it was implemented with a budget of ¥12 trillion or more.

The outline of the benefit programs for income compensation in other countries is as follows, and Japan's program was a rare example in the world in that a fixed amount was uniformly provided to all residents irrespective of their income levels.

Overview of income compensation policy for individuals in each country

Country	Amount	Eligible persons
Japan	¥100,000/person	All the people registered in the Basic Resident Registry
South Korea	About ¥87,000/person	70% from the lowest income households
U.S.	Up to ¥127,000/person	All U.S. citizens with annual income of about ¥10.5 million or less (90% of all households)
Canada	About ¥152,000/person a month (up to four months)	People who lost their income
U.K.	Up to about ¥335,000/person a month	Compensation for up to 80% of wages for those who lost their jobs due to the impact of the novel coronavirus disease
Italy	About ¥70,000/person a month	Self-employed and seasonal workers
Australia	Up to about ¥74,000/person a month (for up to six months)	Recipients of special benefits such as unemployment allowance and childcare allowance
New Zealand	Up to about ¥128,000/person a month (for up to three months)	People who lost jobs due to the impact of the novel coronavirus disease

2.4.3. Observation

It is not clear how these Japanese measures affected indicators such as the suicide rate, the number of crimes and the number of welfare applications, but the Japanese government's policy that emphasized “protecting employment and keeping business viable” may have contributed to curbing to a certain extent social unrest such as a significant increase in the number of suicides and crimes.

3. Summary – What is the Japan model?

3.1. Measures to protect people's lives and livelihoods

The policy taken by the Japanese government to protect people's lives and livelihoods against the spread of the novel coronavirus disease aimed to both control the infection with a non-enforceable “soft lockdown” and maintain employment through economic measures. And given the government's inability under legal constraints to implement a state of emergency with forcible measures, increasing the effectiveness of the soft lockdown as much as possible to curb the spread of infection was the policy that the government chose from the perspective of protecting people's lives. By using part of the large-scale economic packages announced along with the state of emergency as social policies, the government managed as a consequence to maintain solidarity among citizens and gained public cooperation for the soft lockdown.^{45,46}

At the same time, what the government did in order to protect people's livelihood was to implement massive fiscal spending for “protecting employment” and “keeping businesses viable,” a condition that would maintain jobs. In particular, various policies, such as the Subsidy Program for Sustaining Businesses, in which a total of nearly ¥4 trillion was provided by July, and huge financial support measures and employment adjustment subsidies, proved to be effective to a certain extent in helping Japanese companies continue operations. At least as of July, there had been no steep increase in corporate bankruptcies induced by the coronavirus crisis. The unemployment rate also remained relatively low compared to other developed countries, and the number of suicides, crimes, welfare applications, and other indicators could not confirm that social unrest was spreading rapidly. As a result, the decline in the rate of economic growth was relatively small compared with other developed countries. As far as economic indicators show, it can be said that Japan performed reasonably well in the first half of 2020.

3.2. Predictable success or a coincidence?

Is it possible to say that the Japanese government's policy response to protect people's lives and livelihoods was successful? Will it be possible (reproducible) to persevere in the same way when the second big wave hits in the future?

In this regard, there is a need to take into account that Japan's "reasonably good" performance may have been the outcome not only of economic policy but also of the basic conditions of the Japanese economy immediately before the COVID-19 outbreak. In other words, the performance could be the result of unintended economic risk management and redundancy. The low unemployment rate may have been due to the chronic labor shortage in the first place, or due to the accidentally created liquidity of jobs. The low number of bankruptcies may have been a result of the abundant retained earnings of companies. The success of the soft lockdown may have been aided by the death of a nationally popular entertainer from the novel coronavirus infection, which had a tremendous psychological impact on Japanese people. Therefore, a similar soft lockdown may not work well with a second wave. Given that the impact of an economic downturn on unemployment, corporate bankruptcies and the number of suicides may arrive after a certain lapse of time, it is quite possible that the situation will deteriorate in the future. In addition, problems such as sluggish exports and the loss of consumption by inbound tourists, which have pushed down the nation's GDP, will continue for some time as long as the risk of widespread infection remains.

A member of an advisory council to the government pointed out that the Japan model based on "soft laws" worked well the first time, but the key premise to that success was that Japanese SMEs at the time could afford to take a soft lockdown. "If the government requested temporarily closure of their businesses once again, each of the industries would not have the capacity left to comply with it," the member warned. In addition, a Cabinet Secretariat official said that given Japan's strict regulations over the dismissal of employees, the cash of SMEs "will run out at some point if this situation continues for three years."

At this point, thinking whether the government measures have been successful and which policies have led to what effects belongs to the realm of hypothesis. However, based on the reality of such a "Japan model," it cannot be easily said that Japan would overcome a second wave by repeating the measures the government took against the first wave.

3.3. Merits and demerits of "sense of security"

In the first place, will the government be able to take the same huge fiscal

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measures as this time when a second wave hits? And should such measures be taken?

The economic measures under the “Japan model” in the first wave focused above all on “protecting employment and keeping business viable.” On April 14, Liberal Democratic Party Secretary-General Toshihiro Nikai, who urged the government to provide the uniform cash handout of ¥100,000, insisted that “such measures are necessary to give the people a sense of security.” But is it really right to implement a huge fiscal package to save jobs and businesses for the sake of a “sense of security” and impose a heavy burden on future generations?

Of course, it goes without saying that in the event of a sudden crisis, it is necessary in order to protect people's lives and livelihood for a government to provide certain support to businesses and take flexible and ample fiscal measures. And in making those policies, it should not be categorically denied that not only scientific and economic rationality, but people's subjective sense of security and satisfaction are important factors to be considered.

However, in the current COVID-19 crisis, the government introduced some ¥35.9 trillion in fiscal measures through the emergency economic packages and two supplementary budgets in order to achieve its policy of “protecting employment and keeping businesses viable.” This amount is far more than the total reconstruction budget of ¥26.3 trillion earmarked during the five-year “intensive reconstruction period” following the Great East Japan Earthquake.

In this regard, a senior Finance Ministry official said the measures that the government took this time focused on protecting all jobs and continuation of all businesses, but “the idea that all existing businesses should simply be maintained is not desirable for the country's economic development.” He said rather than trying to keep all existing businesses, it is desirable to create a cycle in which uncompetitive companies are eliminated and new businesses emerge.⁵¹ In fact, unlike Japan, there were cases in some of the developed countries in which companies were requested to carry out structural reforms that involved “pain” on their part, rather than maintaining the status quo or restoring their original state, when the government extended support.⁵² This can be called an “investment to secure the competitiveness of the next generation” prompted by the COVID-19 crisis.

In responding to a second or subsequent wave of the pandemic, Japan should not only protect existing employment and business, but also take steps from a longer-term perspective such as rebuilding the economy through appropriate bankruptcy procedures and the reconstruction of businesses.

In a democratic country, the policies hammered out by politicians, in a sense, mirror the will of the people. In this regard, we, as the Japanese people, must ask ourselves again whether the status quo should be protected for a sense of security. It is not today's adults benefiting from the sense of security but the children of the future who will have to repay the deficit-covering bonds.

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Notes

1. This is a GDP forecast on the assumption that a second wave would arrive from October to November and lockdowns would take place.
2. The period was later extended to May 31, but the state of emergency was lifted on May 25 as the situation for infection improved.
3. <https://ourworldindata.org/grapher/covid-stringency-index>
Thomas Hale, Sam Webster, Anna Petherick, Toby Phillips, and Beatriz Kira (2020). Oxford COVID-19 Government Response Tracker, Blavatnik School of Government.
4. Created from CORONAVIRUS GOVERNMENT RESPONSE TRACKER (emphasizing only the change of Japan)
<https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker>
5. However, this first supplementary budget was revised by a Cabinet decision on April 20, due to a change in the operation of the special fixed-amount benefits.
6. https://www.mof.go.jp/about_mof/councils/fiscal_system_council/sub-of_fiscal_system/proceedings/material/zaiseia20200601/01.pdf
7. Created based on the Finance Ministry materials
https://www.mof.go.jp/about_mof/councils/fiscal_system_council/sub-of_fiscal_system/proceedings/material/zaiseia20200601/01.pdf
8. An interview with a Finance Ministry official
9. An interview with Prime Minister Shinzo Abe on Sept. 11, 2020
10. https://www.soumu.go.jp/menu_seisaku/gyoumukanri_sonota/covid-19/kyufukin.html
11. An interview with an official in the Prime Minister's Office
12. Since this report is not primarily aimed at economic analysis, it does not analyze the statistical correlation between government economic policies and economic indicators.
13. Created from OECD statistical data (<https://data.oecd.org/gdp/quarterly-gdp.htm#indicator-chart>)
14. Created from IMF data
15. Created from IMF data
16. Data as of June 12, 2020, country groups are weighted averaged by GDP in U.S. dollars at the current rate adjusted by purchasing power parity. Revenue and expenditure measures do not include deferred taxes or prepayments. International Monetary Fund "Fiscal Policy for a Transformed World" (by Vitor Gaspar and Gita Gopinath) July 13, 2020
<https://blogs.imf.org/2020/07/10/fiscal-policies-for-a-transformed-world/>
17. International Monetary Fund "Fiscal Policy for a Transformed World" (by Vitor Gaspar and Gita Gopinath) July 13, 2020
<https://blogs.imf.org/2020/07/10/fiscal-policies-for-a-transformed-world/>
18. An official in the Prime Minister's Office said developed countries appear to be competing with each other over the size of their budgets. (An interview with an official in the Prime Minister's Office)
19. In addition to the actual new fiscal expenditures, the amount of financial measures in each country also includes tax payments, deferral of payment of social insurance premiums, and diversion from already prepared budgets. Since some countries do not disclose these accurately, this table is not considered to be a comparison in terms of how much budget is being used as so-called "freshwater."
20. While dealing with the trade-off problem between infection control and economic activity is an issue, many studies have been conducted to identify the optimal quarantine policy by conducting simulations that incorporate economic activity into the infectious disease model. Although few studies deny such quarantine policy, there are many studies that support the quarantine policy limited to the elderly at high risk of death and sectors where face-to-face contact is unavoidable, rather than large-scale lockdowns, in order to achieve compatibility with the economy.
21. Cabinet Office "National Accounts" (Second preliminary figures for the April-June period of 2020)
22. These can be said to be the vulnerabilities of the global supply chain or value chain revealed by the novel coronavirus crisis.
23. Spain's economic growth rate for the April-June period of 2020 was -18.5%.
24. In fact, the proportion of tourism in national GDP for the United Kingdom and France, which recorded

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greater negative growth than Italy, was 9.0% in the U.K. and 8.5% in France, which were lower than Italy.

25. Created from OECD data (<https://data.oecd.org/unemp/unemployment-rate.htm>)
26. The special measures dated June 12 have been applied retroactively to April 1.
27. https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/koyou/kyufukin/pageL07.html
28. The Japan Institute for Labor Policy and Training
<https://www.jil.go.jp/kokunai/statistics/covid-19/f/f01.html>
29. Employment Judgement D.I. (Quarterly) <https://www.jil.go.jp/kokunai/statistics/covid-19/c09.html>
30. Statistics Bureau, Internal Affairs and Communications Ministry, Labor Force Survey (Detailed tabulation), Quarterly average results from April-June, 2020
<https://www.stat.go.jp/data/roudou/sokuhou/4hanki/dt/pdf/gaiyou.pdf>
31. Created from Labor Force Survey (Basic Survey), Statistics Bureau, Internal Affairs and Communications Ministry
32. Health, Labor and Welfare Ministry “Information on the impact on employment caused by the novel coronavirus infection” July 17, 2020 (<https://www.mhlw.go.jp/content/11600000/000652759.pdf>)
33. Tokyo Shoko Research “Situation of novel coronavirus-related bankruptcies” July 17, 2020
https://www.tsnet.co.jp/news/analysis/20200717_04.html
34. Renown Inc. is the only listed company in Japan that went bankrupt due to the COVID-19 crisis (decision made to start civil rehabilitation proceedings on May 15). Moreover, the company posted a net loss of nearly ¥7 billion in the fiscal year ended December 2019, and its business had deteriorated considerably before the pandemic. The last straw may have been the COVID-19 outbreak, but the root cause of the bankruptcy was the business condition before the crisis.
35. Created from Tokyo Shoko Research statistics
36. The Nikkei morning edition, Aug.5, 2020
37. Bank of Japan, Money Stock (Preliminary figures)
<https://www.boj.or.jp/statistics/money/ms/ms2008.pdf>
38. https://www.mof.go.jp/financial_system/fiscal_finance/kiki/jisseki/jyoukyou_20200812.html
39. The figure excludes financial and insurance industries
https://www.mof.go.jp/pri/reference/ssc/results/2020.4-6_2.pdf
40. Tokyo Shoko Research https://www.tsnet.co.jp/news/analysis/20200803_03.html
41. An interview with a senior government official
42. <https://www.mhlw.go.jp/content/202008-sokuhou.pdf>
43. Created from Criminal Statistics, National Police Agency
<https://www.npa.go.jp/news/release/2020/20200417001.html>
44. However, as shown in 1.3.2., providing the benefit also had the purpose of avoiding criticism from the public that the benefit should be distributed to everyone without exception.
45. There is a logical leap in thinking that the government gained people's cooperation in refraining from going out and temporarily closing their shops only through measures for the policy of “protecting employment and keeping business viable.” Given the characteristics of the Japanese people that respect discipline and harmony, it is quite possible that cooperation would have been obtained without any special economic measures. In a situation where the number of bankruptcies and the unemployment rate had risen sharply and social unrest increased significantly, uncertainty over the effects of infection prevention measures, such as soft lockdowns, was likely to grow. It is possible that the government's policy of emphasizing job security and business continuation helped reduce such uncertainty to some extent.
46. In this regard, one senior Cabinet Secretariat official revealed that he was initially told that the issuance of the state of emergency carried no penalties and that it was meaningless, but in reality, the government's request for self-restraint was so effective that it became too effective. (An interview with a senior official in the Cabinet Office)
47. It was also a characteristic of Japan that the policy of protecting employment and securing business continuity were discussed together almost as a package.
48. On March 29, Ken Shimura, a nationally well-known comedian, died at a hospital in Tokyo due to pneumonia caused by the novel coronavirus infection.
49. Interview with a government advisory board member

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50. Nikkei, April 14, 2020 “Mr. Nikai: ‘Distribute a uniform ¥100,000 benefit,’ restriction on income levels will be considered in the future.”
<https://www.nikkei.com/article/DGXMZO58040320U0A410C2000000/>
51. An interview with a senior Finance Ministry official
52. For example, while airlines in each country are in trouble, the French government offered to provide a crisis response loan of 7 billion euros (about ¥820 billion) to rescue the major airline Air France-KLM on condition that the airline abolish several domestic flights competing with railway services. This aims to reduce the use of aircraft in sections where trains can be used, which will lead to a reduction of greenhouse gas emissions. This is an example of support in which the idea of “no government support without structural reforms” was clearly expressed. This idea led to the reconstruction plan from the COVID-19 pandemic called European Green Recovery.