

Summary of Remarks
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1. Structural Reform in Japan

To adapt to dramatic changes, including the IT revolution and globalization, Japan's economy needs to reallocate capital and labor, thereby raising the potential growth rate. This will stimulate demand and lead to sustainable growth in the long run.

Strengthening the financial intermediary function is also needed for promoting such reallocation of resources.

2. Two Key Elements of Structural Reform

(1) The market mechanism

The market mechanism is a key to the most efficient reallocation of resources. It is the private sector that effects the reallocation.

(2) Role of policymakers

Policymakers should provide an environment which enables the private sector to carry out structural adjustments.

3. Role of Monetary Policy

The Bank of Japan has been providing ample liquidity, thereby maintaining stable and easy monetary conditions. This has firmly supported the current economic recovery, and structural adjustments are expected to progress smoothly.

The provision of ample liquidity and commitment to maintaining quantitative easing have contributed to financial market stability.

Measures to strengthen the transmission mechanism of monetary policy in corporate finance, such as the purchase of asset-backed securities, are intended to make the effects of monetary easing permeate throughout the economy. In the long run, they contribute to improving the environment for the efficient functioning of the market mechanism.