

BUSINESS

JAPAN APPROVES \$87 MILLION SPENDING PLAN**Chaitanya Kalbag** Reuters

386 words

29 August 1992

Los Angeles Daily News

Valley

B2

English

(Copyright 1992)

The Japanese government Friday approved an \$87 billion spending package - the nation's largest since World War II - in a bid to jolt the dormant economy back to life.

During a late-evening meeting, government ministers rubber-stamped the growth-boosting package totaling 10.7 trillion yen.

The massive package was in line with proposals by the ruling Liberal Democratic Party announced earlier in the day, and followed months of discussion about how to end the slowdown.

The plan incorporates tax cuts to stimulate corporate investment, debt relief for banks and massive public spending projects.

Takeshi Noda, Economic Planning Agency minister, predicted the package will exert a quick and positive impact.

A senior EPA official said the plan is expected to boost the nation's gross national product in the next 12 months by roughly 2.3 percent to 2.4 percent.

"The package is more aggressive than people had expected," said Mineko Sasaki-Smith, economist at Credit Suisse. "But still, I would expect very slow growth from the economy for some time."

Politicians agreed that urgent action was needed to rescue the domestic economy from a prolonged slowdown accompanied by a 2-1/2-year fall in stock prices.

Since the government disclosed preliminary measures nine days ago the market has jumped 25.6 percent.

The package is aimed at boosting domestic demand and at answering foreign critics who have demanded Tokyo do more to help the world economy.

In Washington, Treasury Secretary Nicholas Brady said the package should help the world economy.

"The early implementation of this comprehensive program can make an important contribution to increasing world growth and strengthening economic recovery," Brady said in a statement.

The plan calls for 8.6 trillion yen (\$69.9 billion) in public investment, measures to promote housing purchases by individuals, and steps to promote private capital spending through tax cuts for capital investment.

The reaction on the recently depressed Tokyo stock market was enthusiastic. "We are finally coming out of a very long tunnel into the light of day," Tokyo Stock Exchange Chairman Minoru Nagaoka told reporters.

On Friday the key 225-share Nikkei average jumped 415.79 points or 2.37 percent to end at 17,970.79 - its highest closing level since June 3.

Document lad0000020011107do8t00tzt

