

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai  
on FY2023 Government Budget Draft**

1. The Cabinet has approved today a government budget draft for the fiscal 2023. The general account total expenditure is ¥114.4 trillion, topping ¥110 trillion for the first time.
2. Social security expenditure: The government policy target to keep the real growth of social security expenditure in check has been achieved, as far as the growth was within the natural increase due to the aging of the population, when excluding the factor of the macroeconomic indexing in calculating pension benefit. Amid the acceleration of fewer childbirth, however, efforts to secure stable financial resources to cover costs to support child rearing, while optimizing the burden of working-age generations, are not enough. Based on the reports of the Meeting on a Social Security System Oriented to All Generations, the government must pursue far-reaching institutional reform for rebalancing benefits and contributions in a swift manner, such as in ensuring “ability-to-pay” principle and in building social security system that accommodates all work styles.
3. National defense expenditure: Thorough explanation for the substantial growth of the national defense expenditure should be provided to gain a public mandate, in terms of its size of 43 trillion yen for five years and individual contributions as well as its efficacy and validity when implemented, technically through deliberations over the budget draft and legislations for securing financial resources. Meanwhile, as the surplus of the supplementary budget is now transferred to finance the national defense expenditure, we warn against additional government bond issuance in the supplementary budget compilation. There is a pressing need to improve quality of government expenditure, with KPI and budget compilation focused on their implementation and outcomes, as well as highly transparent PDCA cycles and other measures.
4. COVID-19-related expenditure: As the economic and social activities normalize from the pandemic, with inflation in western countries peaking out, the budget draft has earmarked ¥5 trillion again for COVID-19 contingency funds. We request the government to ensure its adherence to the principle of the financial democracy, while expecting normalization from the alert mode in fiscal policy, leading to more stringent disciplines for supplementary budget.