

**Statement by Takeshi Niinami, Chairperson of Keizai Doyukai
on Cabinet Approval of
“ Basic Policy on Economic and Fiscal Management and Reform 2024”**

1. Today, the Cabinet has approved the “Basic Policy on Economic and Fiscal Management and Reform 2024.”
2. We give this year’s Basic Policy a positive assessment, as it presents a medium- to long-term vision for transformation to a new economy and society toward a complete exit from the protracted deflation. As Japan’s declining birthrate and aging society are accelerating with chronic labor shortage becoming inevitable, it is important, above all, to realize a society with higher well-being, where everyone can keep working, as long as he/she wishes and is healthy, regardless of gender and age. Such an effort will thereby boost lifetime disposable income of the people.
3. In this regard, the first crucial step is to enhance private fund influx from inside and outside Japan. For a framework to unearth potential investment demand, there is a pressing need for further discussions over measures to enhance the attractiveness of Japan to invite essential workers, to activate labor mobility through reskilling for all generations, and to use overseas human resources. Meanwhile, maintaining energy cost competitiveness is essential for the daily lives of the public, as a basis for growth of corporate productivity through digital transformation and sustainable wage increase. Thus, we request the government’s all-out effort to substantially raise energy self-sufficiency ratio, as well as to ensure inexpensive and stable energy supply.
4. On another front, the social security system must change to a new one that fits the current era of Reiwa, thereby creating comfortable and healthy working environment with various work styles. To be more specific, there are three initiatives to be undertaken; a full-fledged reform of the so-called “annual income ceiling” scheme, further progress in self-medication including promotion of Prescription-to-Nonprescription switch, and a clear shift from disease treatment to disease prevention by raising consultation rate of medical checkup. In this regard, it is also indispensable to drastically reform the current social security model with a biased burden on working-age generation, to a new model with a complete "ability-to-pay" principle.
5. With the integrated promotion of the efforts mentioned above, and as a result of higher potential GDP growth to be brought by labor participation and more domestic investment, there should be fiscal consolidation, backed up by the constant primary balance surplus. For this to happen,

flexible fiscal management based on multi-year—instead of single-year—budget and wise spending that supports highly effective measures with priority are to be sought. Practicing the Plan-Do-Check-Act (PDCA) Cycle, based on the evidence-based policymaking (EBPM), holds the key to the successful implementation thereof. We request the government to strengthen EBPM by pursuing information disclosures and data compilation that are still insufficient, thereby reaching the targets of the Basic Policy.

###