

**Statement by Takeshi Niinami, Chairperson of Keizai Doyukai
on Start of Upper House Official Election Campaign**

1. The upcoming Upper House election provides important opportunities to debate a right trajectory Japan must follow, amid the crucial challenges mounting inside and outside Japan that we must squarely look at. Aiming to promote vigorous policy debate, Keizai Doyukai has conducted surveys for corporate executives, evaluated policies of each political party, and streamed video interviews with senior party members. Judging from the results of these initiatives, policy measures of each party are biased to income distribution and short-term solutions without clearly outlining viable and strategically sound structural reforms.
2. Nevertheless, we are now standing at a turning point to shift to the economy and society that suits the Reiwa era (2019–), breaking away from the conventions and schemes of the Showa era (–1989) and the Heisei era (1989–2019) as they are already obsolete. As short-term solutions to the challenges are just not enough during the campaign period, we request each political party to present a national vision to aim at, with a clear path toward realizing institutional reforms in line with that vision. We are looking to active policy discussions that follow this stance.
3. While global economic uncertainty has increased due to tariff measures in the United States and escalating tensions in the Middle East, making Japanese economy more resilient is a pressing issue. First, the issue of rising prices must be addressed with continuing wage hikes, growth of disposable income by reducing social insurance expenses, low-cost and stable energy supply, and policies that solve structural issues in the agricultural sector. Second, the issue of labor shortages must be dealt with by growth of labor supply, work style reform that really increases potential growth rate, and creation of inclusive society with foreign workforce. These are important debate agendas.

Furthermore, we request concrete policy discussions for ‘ability-to-pay’ principle in the social security framework and basic pension system reform, maintenance of fiscal discipline, and the way to address greater fiscal demand for defense spending. On the income distribution front, policy measures that disregard fiscal discipline, such as uniform cash handout and tax reduction, are receiving harsh assessments from the public. Policy debate should be rather on optimal tax burden including tightening of financial income taxation, with the exception of Nippon Individual Savings Account (NISA).

4. On the diplomatic and national security front, clear policies should be articulated regarding independent self-defense and the enhancement of deterrence in response to growing geopolitical risks. In addition, we request each political party to present its views on the roles Japan should play for stability in Asia, as well as in maintaining and enhancing a trade and investment structure based on multilateral, open rules.

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