

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai  
on Cabinet Approval of  
“Basic Policy on Economic and Fiscal Management and Reform 2022”**

1. Today, the Cabinet has approved the “Basic Policy on Economic and Fiscal Management and Reform 2022.” We give this year’s Basic Policy a positive assessment overall, as it clearly demonstrates a stance to aim at economic growth with strategic investment.
2. The important prerequisites to aiming at economic growth through innovation are first, people’s efforts for behavioral change with hope for the future and second, gathering momentum of building up “a country not only valuable, but indispensable, to the common good of the world” with everyone joining forces. Government’s explanation for diverse and individual strategies is just not enough. We expect the government to make efforts to share with the public its grand design of the society that emerges from those strategies, thereby attracting a public sympathy.
3. Japan must meet its laggard position head-on against the world’s leading edge in the important sectors such as start-ups, quantum/AI/biotechnology, and 5G. Based on that, relevant strategies must be swiftly implemented for early catch-up. Let us reiterate the importance of an effective, intelligible, and highly transparent PDCA cycle to be established for sure results.
4. An overhaul of the medical care provision system such as institutional design of roles played by primary care physicians, as well as DX (digital transformation) in medical/nursing care, is an indispensable choice for better quality and higher efficiency of social security. We hope that the lessons we have learned from the coronavirus crisis will be leveraged across various institutional reviews and reforms in other sectors as well.
5. Japan has been capable of sustaining its current monetary/fiscal policies, despite its largest public debt among advanced countries, only because of its international credibility. This credibility is maintained only if Japan persistently continues to show its willingness, capability, and achievements for fiscal

consolidation. The risk of undermining it is immense. We renew our request to the government to clarify the ways for, and make a commitment to, steady achievement of “the fiscal consolidation targets in the last year’s Basic Policy.” To start with, we expect the government to take two actions—first, to crystallize the methods of redeeming the government debt that has ballooned to an unprecedented level due to the anti-COVID-19 measures and second, to pursue a full-fledged reform toward more sustainable social security system, the issue of high public interest.

6. “Sustainability” is now a universal keyword. Amid the rising uncertainties in the international community, enhancement of national sustainability is certainly the essential responsibility Japan must fulfill as a member thereof. Bearing this in mind, the government/ruling parties must be well prepared for the debates before the public toward the coming upper house election, in terms of a future vision of the social security system, and a medium- to long-term fiscal policy—endorsed by relevant measures—in relation to growth and distribution.

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