Basic Policy on Economic and Fiscal Management and Reform 2019 (Overview)
A New Era of Reiwa: Challenges toward Society 5.0
Cabinet Decision on June 21, 2019

Challenges toward the new era: Acceleration to realize “Society 5.0”
- Realization of an advanced economy through the Fourth Industrial Revolution and a society in which people enjoy convenient and rich lives
- Construction of a society in which everyone plays an active role in anticipation of the arrival of an era of “100-year lifespans”

Establish a system suitable for the age of “Society 5.0”
- “Action Plan of the Growth Strategy” and other measures to boost growth potential
  □ Definition of rules for the digital market, Fintech/finance, mobility, corporate governance
  □ Reforms to social security system for all generations: employment of elderly persons, promotion of mid-career hiring and experienced personnel hiring, prevention of diseases and nursing care
  □ Reinforcement of regional measures under population decline: management integration and joint management of local banks and scheduled bus operators, supplying human resources to regions

Human resource development, work-style reform, promotion of measures to increase household income
□ Human resource development: free early childhood and tertiary education, university reform, recurrent education
□ Work-style reform: correcting long-working hours, realization of a diversified and flexible workstyle, equal pay for equal work
□ Measures to increase household income: support program for the “employment ice-age” generation, raising minimum wages

Promotion of regional revitalization
□ Correction of the monopolar concentration in Tokyo, creation of new movement of people to regions
□ Revitalization of the tourism industry and agriculture, forestry and fishery industries, bring vitality from abroad, support for SMEs and microenterprises

Cooperation with the global economy and society
□ Commitment to sustainable growth at the occasion of G20, making the 21st century trade rules, such as TPP11, as international standards
□ Rules and framework of cross-border data flow, contribution to environmental and global issues with a focus on SDGs

Virtuous cycle of economic revitalization and fiscal consolidation
□ Steady promotion of the New Plan to Advance Economic and Fiscal Revitalization
  □ “Without economic revitalization, there can be no fiscal consolidation,” realization of a 600 trillion yen economy and achievement of the fiscal consolidation target in FY 2025
  □ Budget formulation in line with the benchmarks during the “Foundation-Reinforcement Period” (from FY 2019 to FY 2021)
□ Efficient and high-quality administrative and fiscal reforms through next-generation administrative services
  □ Digital government: central government-led standardization of information systems and data, simplification of documents and over-the-counter services, digitalization of local governments
  □ Introduction and expansion of project management in the government information systems, lump sum budget requests and appropriations

Reforms in major policy areas
□ Social security: prevention of diseases and aggravation, health promotion, pension system reform, reform of the medical and nursing care systems
□ Social infrastructure: realization of smart cities, priority projects and productivity improvement, PPP/PFI, optimization of public facilities
□ Local public administration and fiscal reforms: reform of the fiscal system such as the Local Allocation Tax, management reform of public corporations and “third sector” companies, “visualization” and dissemination of good practices
□ Education, science and technology: thorough implementation of the PDCA cycle, improvement of the quality of budget through the promotion of EBPM

Acceleration and expansion of policy efforts in expenditure reforms
□ Thorough implementation and expansion of “visualization,” nationwide dissemination of advanced and good practices, incentive reforms

Short-term principles in economic and fiscal management and guiding principles in budget formulation for FY 2020

Overcoming deflation and economic revitalization is the top priority. Make every effort in economic management by taking all possible policy measures.
△ Using temporary and special measures, policies in FY 2019 aim at smoothing demand fluctuations around the time of the consumption tax rate hike and ensuring that the tax hike will not affect the recovery trend of the economy.
△ Encourage and support consumption by implementing measures such as point rewards for cashless shopping, vouchers with premiums, tax and budgetary measures for the purchases of durable consumer goods (automobiles and housing).
△ An appropriate size of temporary and special measures will also be included in the FY 2020 budget formulation. Downside risks of the overseas economies will be carefully monitored, and policies will be implemented flexibly without hesitation in case those risks materialize.