Key points of the Basic Policies for Economic and Fiscal Management and Reform

Economic and fiscal policy management and its basic strategy for “a new decade of revival”

The “three-arrows” strategy or “Abenomics”, whose components work to complement each other, has been implemented in an integrated manner. This has already significantly changed market expectations. The real economy is also picking up. The Basic Policies presents macroeconomic vision and the path to be followed to achieve that vision.

The government is committed to the steady and persistent implementation of the growth strategy, as well as priority policy measures stated in the Basic Policies. It aims to end deflation as early as possible and revitalize its economy. The Basic Policies presents the economic and social vision that Japan should pursue through the implementation of policies.

1st arrow: Aggressive monetary policy
2nd arrow: Flexible fiscal policy
3rd arrow: Growth strategy that promotes private investment

Three positive cycles to be fulfilled

Improved macroeconomic environment
Corporate activities help improve macroeconomy.

Improved macroeconomic conditions help companies make firm decisions.

Implementation of growth strategy

A new decade of revival

[A strong Japan, a strong economy, and a high quality of life with safety and security]
- An economy and society that guarantees free and fair competition and open economic environments, equipped with great attractiveness to the rest of the world;
- An economy and society that offers everyone opportunities to achieve a high quality of life;
- An economy and society that includes a diversity of players and generates dynamism and innovative ideas; and
- An economy and society that is sustainable in the long term

[Macroeconomic vision that Japan should aim for]
- Labor productivity growth by 2 percent or more in the medium to long-term, with a faster increase in wages than prices
- Growth of GDP by around 3 percent in nominal terms and by around 2 percent in real terms, with a higher growth to be set for the late 2010s. Under the conditions specified above, it is expected that nominal gross national income per capita will grow by more than 3 percent in the medium- to long-term, resulting in the increase of 1.5 million yen or more in 10 years.

20 years of stagnation
- Long-lasting economic stagnation and deflation
- Delay in actions to adapt to structural changes
- Negative interaction between macroeconomy (business conditions) and microeconomic aspects (structural issues) leading to further deterioration
- High level of public debt, etc.
- Nominal GDP growth: -0.2%
- Real GDP growth: +0.8%
- Real GNI growth: +0.6%

Revolitization of the economy
Containing risks of hike in the long-term interest rates; Promoting the increase in consumer spending and investment

Fiscal consolidation
Further fiscal consolidation through higher tax revenues, etc.