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Opening New Pathways

2016 New Year Message

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No future can be born unless we break with convention.

In my inaugural speech as chairman of Keizai Doyukai, I spoke of the urgency of three challenges: Japan's worsening fiscal crisis, declining birthrates and the aging of society, and the global agenda of issues facing our planet.

Japan has now experienced three years of Abenomics. The economy has recovered to the point where the end of deflation is in sight, and tax revenues are trending upward. The positive effects of economic growth and fiscal consolidation are beginning to emerge. On the global scene, we are seeing certain desirable medium-term developments: the United States is exiting its zero interest rate policy, an agreement in principle has been reached in the TPP negotiations, and COP 21 adopted the Paris Agreement.

On the other hand, no real progress has been made in finding fundamental solutions to Japan's domestic problems. These are the country's shrinking population, the increase in social security spending, inequalities and poverty, and the depletion of energy and natural resources. Furthermore, the fourth industrial revolution driven by the Internet of Things, artificial intelligence, and big data is impacting society and employment. We have just started to respond to the risks and challenges created by this revolution.

This is the world that we see before us. We want to make 2016 a year for opening new pathways to a sustainable economy, society, and globe. This is an age of increasing diversity. As a collection of individuals, it will be increasingly difficult for the group to make decisions. The proposal and implementation of action by Keizai Doyukai is especially significant when the interests of individuals and organizations, businesses and society, and nations and the world are intertwined. On the start of the new year, Keizai Doyukai renews its commitment to the following three goals.

First is the commitment to action by corporate executives. Businesses are exposed to extreme competition. What we corporate leaders must do to emerge victorious from the global battle is to pursue ROE management emphasizing capital efficiency and investment focusing on ESG (environmental, social, and governance) issues. What we must do to overcome excessive competition in domestic markets and improve profits is to break down the barriers in our minds and accelerate domestic M&A and the processes of business reorganization and renewal. We should also take positive action to foster startups and to create new businesses.

The second goal is to raise the potential growth rate through actions taken by the government and private sector. The government should act to boost growth by improving the supply-side environment for capital, labor, and innovation. At the same time, businesses should help create a positive economic cycle by investing actively and raising wages. The government and private sector should each concentrate on its own role. We should reaffirm that this approach leads to efficient resource allocation and strengthens corporate competitiveness.

The third goal is to realize the vision for a better society through policy-centered debate. On January 4, the ordinary session of the Diet will be convened. This summer, the first Upper House election will be held with the voting age lowered to 18. The disparity in the value of votes nationwide is expected to be reduced, albeit gradually. We hope these developments will trigger full policy discussion and progress on many pressing issues. These include reforming the social security system to correct intergenerational unfairness, developing safety nets for people truly in need, and regional revitalization through reform of local allocation tax grants and other measures.

In 2016, a full five years will have passed since the Great East Japan Earthquake. Japan will host the G7 Summit in Ise-Shima. And the baton for the Olympic and Paralympic Games will be passed from Rio de Janeiro to Tokyo. In such a milestone year, Keizai Doyukai will celebrate its 70th anniversary on April 30. As an action-oriented policy group that spearheads social and institutional reforms, we are committed to expanding our network of discussion throughout the regions of Japan as well as around the world, and will continue to pursue our vision for a sustainable society.

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