

Strengthen Real Innovation Capability to Ensure the Revitalization of Japan (Summary)

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I. Fundamental Concept

1. Develop the big picture vision of the nation.
 - 1) What the government must guarantee in order to ensure the happiness of the nation
To ensure the happiness of the nation, at a minimum, the government must ensure employment opportunities for all citizens and secure tax revenue generated from the incomes of people and companies.
 - 2) Create proactive employment opportunities in Japan
In order to ensure the sustainable growth of the Japanese economy going forward, we must make a conscious effort to encourage innovation to create new industries and markets in Japan that can overcome a variety of unfavorable conditions and produce significant profits.
 - 3) Make a commitment to cultivating innovative human resources.
Industry, government, and academia should commit themselves to cultivating innovative human resources from the long-term perspective and create a mechanism to support such effort.
2. Go back to basics to ensure appropriate role-sharing between the government and the private sector
We should go back to basics and revisit the sharing of roles between the government and the private sector. By so doing, the government must consider the minimally required support mechanism that should be put in place to ensure that those who take risks in business can be properly rewarded for profits generated through such risk-taking, while, at the same time, the private sector must consider the roles that private companies should play to ensure the achievement of the happiness of the nation.
3. No Risk-Taking, No Innovation
We must have a strong recognition that risk-taking is a mandatory prerequisite for all innovations.

II. Three Policy Proposals to Promote Risk-Taking in Support of Efforts to Strengthen Real Innovation Capability

1. Build a new support system mix that can assist the private sector to maximize risk-taking.
 - 1) Support the creation of innovation, but not create inventions themselves.

It is difficult to create innovations by supporting individual companies' business activities. It is most effective for the government to put in place an incentive scheme to recognize and reward the achievements of the private sector.
 - 2) Put in place an appropriate incentive scheme to ensure that all the companies that have successfully grown businesses through risk-taking are properly rewarded. Focus should be placed on bringing about deregulation and meaningful changes to the tax structure and rules to stimulate investment, such as changes to taxation on research and development (R&D) activities and corporate income tax, among others, not on introducing a variety of subsidy programs.
 - 3) Provide active support to encourage effective domestic investment.
 - 4) Provide support for startup ventures that drive innovation.
 - 5) Make a conscious effort to grow out of excessive competition.
2. Strengthen a "Control Tower" function in the field of science and technology to drive innovation over the mid to long term
 - 1) Transform the Science, Technology, and Innovation Strategy Headquarters to become a true "control tower" organization.
 - 2) The government shall provide long-term funds to finance the promotion of innovation that emerges from science-related research and development activities.
 - 3) Strengthen efforts to promote the implementation of the national intellectual property strategy and promote international standardization.
 - 4) Strengthen research and development activities through a new "consortium" arrangement.
3. Change the way of thinking about assumptions of the national project model
 - 1) Declare clearly that a national project is also a risk-taking endeavor and make appropriate assessment of each national project accordingly.

2) Declare “open-up “on innovation

On the assumption that the happiness of the nation (employment and tax revenue) is not compromised, the Japanese government should open up all positions of stakeholders by allowing greater foreign participation.

3) Take on the challenge of driving innovation through deregulation with the combined efforts of the government and the private sector.

III. Three Actions for Strengthening Innovation

1. Promote business innovation.
2. Move aggressively towards more risk-taking, including by taking advantage of the national support system, among other things.
3. Existing companies should take the lead in supporting and promoting their own internal and external startup ventures.

IV. Develop Human Resources to Support Efforts to Strengthen Innovation Capability

- Develop human resources who have deep expertise and skills with basic knowledge in a wide range of areas. For this purpose, provide them with intensive education on the “framework” as well as opportunities to gain extensive work experience.
- Create a positive organizational climate and mechanism in which individuality is respected and one’s efforts to take on challenges are appreciated.

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