

The Past 70 Years in Retrospect and Outlook for the Coming 30 Years

Keidanren
Policy & Action

Keidanren (Japan Business Federation) is marking its 70th anniversary since its foundation. It is also 15 years since the merger with Nikkeiren (Japan Federation of Employers' Associations).

70 years in retrospect: As a standard-bearer of Japanese economic development

Immediately after the war ended in 1945, the Government requested an advisory opinion on how to reconstruct and develop the post-war economy. Responding to this request, Nihon Keizai Renmeikai played a central role in establishing "Keizaidantai Rengo linkai." The "linkai" became the parent body of Keidanren which was subsequently founded in August 1946 as a new comprehensive organization. Its aim was to "sound out opinions of the business circles on economic problems both domestic and international and to endeavor to obtain practical solutions to these problems, thereby to promote the self-sustenance and sound development of the national economy." The present day "Policy and Action" of the Keidanren inherits this spirit.

Keidanren, as a comprehensive and action oriented economic organization that places itself constantly ahead of the change of times, has focused its efforts on the development of the Japanese economy and the betterment of the well-being of its people throughout its 70 years' existence. After the war, thanks to the strenuous efforts on the part of all our countrymen, Japanese industry and enterprises have risen powerfully from the ashes, bringing about rapid growth which propelled our economy to the world number two position in terms of GDP in 1968. This feat was called the "East Asian Miracle" at that time. Thereafter, the Japanese economy was confronted with numerous serious problems such as the oil crisis, trade and capital liberalization, administrative and fiscal reform, trade frictions, abrupt appreciation of Yen following the Plaza Accord and recovery from the so-called bursting of the economic bubble. In each instance, Keidanren has assumed the role of standard-bearer of reform, formulating proposals in a wide range of policy areas and devoting efforts for their implementation.

The 1980's to the 90's was the period during which the Japanese economy caught up with those of the advanced economies and became one of the front runners of the international economic society. This meant on the one hand that, conversion from a government-led to a private-sector-led economy became necessary in the economic area, and on the other hand, the need for a strong political leadership was sorely felt in the policy making area. Furthermore, in order to pursue reform, broad support from the general public became indispensable. Faced with this situation, we have successively established institutions such as Keizai Koho Center (Japan Institute for Social and Economic Affairs), Business People Political Forum and The 21st Century Public Policy Institute, in order to enhance our capacity to make recommendations on policies and ways to implement them and to strengthen collaboration with policy makers.

The merger in 2002 with Nikkeiren made us a more influential "comprehensive economic organization." The background for this move was twofold: the administrative reform—including the re-organization of the central government—which was under way and the emerging realization that social security reform and labor policy were both critical issues for the Japanese economy. Joining the forces of the two organizations was deemed necessary to make substantial progress in these matters. This decision was a discerning one even from today's perspective and I would like to pay tribute to the then Chairmen of both organizations and all those who were involved.

The biggest challenge facing us today is to achieve a GDP 600 trillion Yen economy in 2020 by putting deflation completely behind us and achieving sustained economic growth. For that purpose, players in the economic and political spheres have to work hand in hand while fulfilling conscientiously their respective roles.

Aspiring to build an "Affluent and Vibrant Japan" —toward the next 30 years

In January of 2015, the year after I became Chairman, Keidanren published a document entitled "Toward the

Creation of a More Affluent and Vibrant Japan" in which it outlined its vision for Japan in the year 2030. The document first describes what kind of attributes Japan in 2030 should possess as a nation and then lists specific issues that need to be tackled by the government, business and the people. It also identifies globalization and innovation as the two pillars of sources of economic dynamism.

While a quarter of a century has passed since the end of the cold war and economic globalization started to take firmly hold, currently the world political and economic situation is in a state of turmoil. Protectionism and anti-globalization tendencies are becoming conspicuous not only in developing and emerging countries but also in developed countries. In a number of them, social and political divide due in part to economic disparity among the population is becoming a problem.

Post-war Japan has achieved rapid growth thanks to free trade and innovation as the driving forces. Presently, free and open international economic order has become an indispensable international public good for countries around the world to develop their economies and achieve better living conditions. We shall never forget that protectionism and the trading blocs that ensued were important factors which led the world to the terrible ravages of war.

Safeguarding and developing free and open international economic order is of crucial importance to our national interest and that is why Keidanren will, in coordination with the Government, intensify its efforts in that direction. For that purpose, we will further cement our economic relationship with our ally the United States and actively promote our economic dialogue with Europe, China and Korea, Southeast Asian countries, India, Russia and others.

At the same time, it is clear that no society can develop without innovation. Today, the world is on the threshold of "Society 5.0 (Super Smart Society)." This society is to be of a completely new type, coming after hunter-gatherer, agrarian, industrial, and information societies. Society 5.0 is an unprecedented, major innovation

radically modifying the way an economic society functions. It does so by applying technologies such as Artificial Intelligence, Internet of Things, Big Data and robots. Its aim is to let each person enjoy an affluent living and to eliminate the structural gap between the rich and the poor. Keidanren will work both nationally and globally toward bringing Society 5.0 to reality.

Globalization and innovation constituted the foundation of the development of post-war Japanese economy for the last 70 years, and they will continue to be indispensable pillars looking toward to the next 30 years of our economy and the Keidanren.

Keidanren will, building on the remarkable achievements of our elders, make additional effort to build an affluent and vibrant private-sector led Japan. To the member corporations and groups as well as people working in all sectors, I would like to ask for your unwavering support and cooperation for Keidanren.



Chairman

神子定経

SAKAKIBARA Sadayuki