

June 18, 2021

. The NEW Growth Strategy

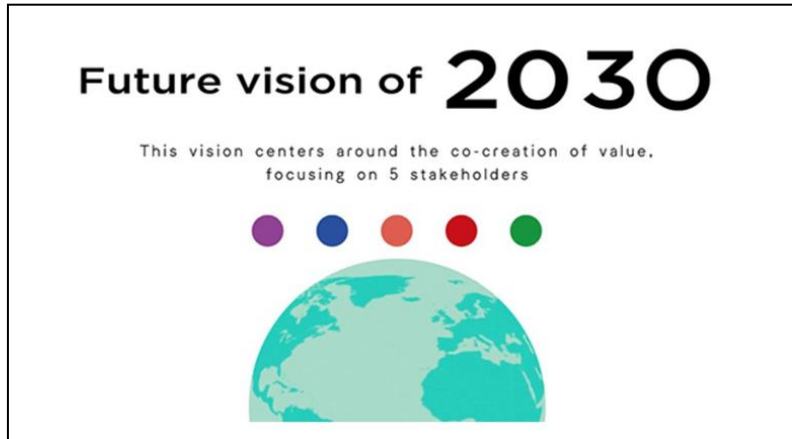
Masakazu Tokura

The COVID-19 pandemic has forced the global economy into recession and shed light on the disparities that had been growing wider under capitalism. Under these circumstances, as a major player in a capitalist society, the business community has a duty to co-create and provide value from interactions with diverse entities through business activities and to actively engage in finding solutions to challenges such as environmental issues and economic disparity. Declaring “sustainable capitalism” as a new form of capitalism, Keidanren proposes a growth strategy that places emphasis on three challenges.

The first challenge, to make capitalism sustainable, is to correct the disparity between nations, between generations, between occupations, and between regions, through expansion of the economic pie and its proper distribution. The second challenge is the focused expansion of investment in the future to enable sustainable growth into the future. This includes the education of children and young people, support for families with young children, support for young researchers, and investment in next-generation technologies. The third challenge is to envisage a future vision of the economy and society in 2030, the target year of the SDGs, and, by backcasting from there, to clarify the particularly important actions to be taken. By starting with those actions that we can put into effect now, we can anticipate economic measures that will return us to a path of strong economic growth.

The title of this proposal signifies our strong intention to put a period to conventional strategies and to indicate a new one. We are recommending the major direction we should pursue going forward. The road ahead will certainly not be smooth, but we are resigned to the fact that the extension of our current path of gradual reform offers no future for capitalism, and we intend to take bold steps to embark on this new strategy.

VIDEO: . The NEW Growth Strategy



(4 mins 12 secs, in English: https://www.youtube.com/watch?v=p3eS_CC-9zo)

Establishment of Sustainable Capitalism Through Society 5.0

The keys to establishing sustainable capitalism are to include and co-create the diverse values sought by multiple stakeholders, including consumers, workers, local communities, the global community, and the natural environment. The only way to accomplish sustainable growth is for corporations to embrace the demands of their multiple stakeholders, not just their shareholders, and create value with them through dialogues.

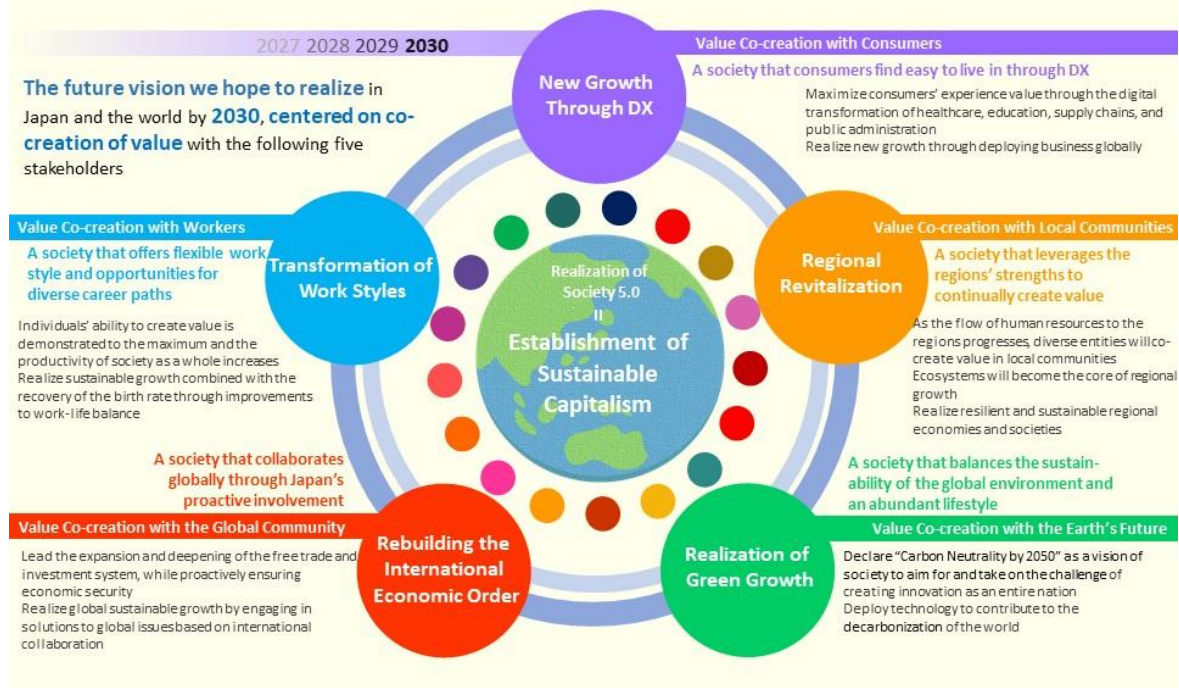
The key to this is digital transformation, or DX. Digital transformation makes social issues visible, balances optimization for the whole and the part, and creates diverse value. In this DX, it is humans who will discover the issues and decide on their balance with value, and it is human wisdom that will be at the center of sustainable capitalism. This is the very realization of Society 5.0, a creative society that combines the imagination and creativity of diverse people with DX to solve problems and create value.

Future Vision for 2030

The future vision we hope to realize in Japan and in the world by 2030 is centered on the co-creation of value with the following five stakeholders: consumers, workers, local communities, the global community, and the natural environment. Bringing together the wisdom of diverse stakeholders, we can establish sustainable capitalism through Society 5.0.

Future Vision for 2030

Bring together the wisdom of diverse stakeholders and establish sustainable capitalism with Society 5.0, which co-creates diverse value through DX



Actions Toward 2030: Growth Strategy

Actions in five different areas are recommended to be taken under the initiative of the government and the business community, in order to achieve the future vision for Japan in 2030. These actions which can be started immediately towards the goal of 2030, signify a growth strategy that will lead to the recovery and growth of the Japanese economy post-COVID-19.

1. New Growth Through DX

Industry, academia and government should unite to conduct concentrated investment in common foundations to achieve new growth and value creation with the use of digital technologies and data. Through this, we can realize new healthcare that will maximize individual well-being, new learning that will unleash future talent, new supply chains that will create reliance and value, and new public administration that will respond swiftly to diverse needs.

2. Transformation of Work Styles

Workers in the era of Society 5.0 will command digital technologies with rich imagination and creativity and will create value through flexible work styles that are not confined by time or

space. Evaluation will not be based on working hours, but on the value that has been created. Human resources mobility should enable diverse, multi-stream careers. Active participation in the workforce by diverse people should be promoted and investment should be concentrated to develop a society in which it is easy to have and raise children.

3. Regional Revitalization

Japanese businesses have long valued their relationships with local communities and engaged steadily in social contributions to the regions, however, in many regions, corporations have been unable to create new jobs and this is creating a vicious cycle in which people are leaving the regions, accelerating the decreasing populations. To bring people back to regional areas, attractive industries that take advantage of regional strengths and contribute to the sustainable growth and development of the regions should be created. The following measures are recommended: (1) Promotion of human resources mobility through a shift to flexible work styles, (2) Strengthening the competitiveness of regional industries and universities, etc., (3) Building of value co-creation ecosystems in regional areas, and (4) Building of resilient and sustainable social infrastructures such as water supply and sewerage networks, energy, public transport, and communications networks.

4. Rebuilding the International Economic Order

Even as production and consumption activities become more globalized and the economic structures are transformed by DX, free and open trade and investment will remain a critical foundation for the world's sustainable growth. The Japanese business community will support the maintenance, expansion, and deepening of a free trade and investment system, ensuring proactive and strategic economic security, and the formation of coalitions for solving global issues.

5. Realization of Green Growth

The global economy declined sharply due to the COVID-19 pandemic, however, it has become clear that this slowdown will not lead to any drastic reductions of greenhouse gases. It will be impossible to realize both the improvement of living standards for the world's people and a decarbonized society with existing technologies and socio-economic structures, and the only solution is major reforms of the economy and society through innovation. The business community will promote the acceleration of innovation aimed at a decarbonized society, priority assistance for competitive renewable energies, use of nuclear power that balances decarbonization and economic feasibility, improvement of the electrification rate, and the formation of "the Union of Green Growth Nations".

Conclusion

The key to achieve sustainable capitalism, which is the basic principle of this growth strategy, will be the visualization of issues and creation of solutions through DX, or, in other words, the realization of Society 5.0. To put this in action, reforms of regulatory systems and public administration are essential. Through wise spending that concentrates investment in key areas, the government should recover and grow the economy and draw up a path that will lead to the realization of fiscal consolidation. Corporations will co-create value with multiple stakeholders through their business activities and build stories and actively disclose information. At the same time, investors also need to clarify their investment stances. The business community, through dialogue, collaboration and co-creation with diverse entities, will steadily implement the actions in this growth strategy, starting with those actions that can be taken immediately.

Learn more: https://www.keidanren.or.jp/en/policy/2020/108_proposal.html

Masakazu Tokura is Chairman of KEIDANREN, Chairman of Keizai Koho Center, and Chairman of the Board of Sumitomo Chemical Co., Ltd.

KEIDANREN (Japan Business Federation) is a comprehensive economic organization with a membership comprising 1,461 representative companies of Japan, 109 nationwide industrial associations, and 47 regional economic organizations (as of April 1, 2021).

Keizai Koho Center (Japan Institute for Social and Economic Affairs, KKC) has served as a bridge for the Japanese business community to interact with its key stakeholders inside and outside Japan. With a wide range of its domestic and international programs, KKC has developed a worldwide network encompassing businesses leaders, lawmakers, government officials, journalists, university scholars, and school teachers.

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Keizai Koho Center

<https://en.kkc.or.jp>

Keidanren Kaikan, 1-3-2 Otemachi, Chiyoda-ku, Tokyo 100-0004 JAPAN

e-mail: platform@kkc.or.jp
