TOWARD A NEW FORM OF CAPITALISM:
OUTLINE OF THE EMERGENCY PROPOSAL FROM THE COUNCIL OF NEW FORM OF CAPITALISM REALIZATION

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https://japan.kantei.go.jp/ongoingtopics/_00001.html

At his inaugural press conference in October 2021, Japan’s new prime minister KISHIDA Fumio announced his aim to realize a new form of capitalism.

There is a growing trend around the world to search out a capitalist economy for the new era in which corporations and governments make bold investments, while protecting the middle class—which forms the core of a healthy democracy—and preparing for global-scale crises such as climate change. The new initiative of the Kishida administration aims to take the lead of that global trend, focusing on sustainability and human capital.

The core concepts of the new initiative are “a virtuous cycle of growth and distribution” and “developing a new post-COVID-19 society.” Growth strategy and distribution strategy will work in tandem to realize them.

On November 8, the emergency proposal was formulated by the Council of New Form of Capitalism Realization, which was established to shape a vision toward the realization of a virtuous cycle of growth and distribution—while also stating that the distribution strategy serves as a cornerstone for sustainable growth. The proposal urges Japan to mobilize all possible policies toward the realization of the virtuous cycle of growth and distribution.

Outline of the basic ideas of the emergency proposal

Since the 1980s, a growing emphasis has been placed on short-term shareholder value, resulting in a sluggish growth of the middle class, widening disparities, an increasing burden on subcontractors, and adverse effects on the natural environment and others. Thus, the government, private sector, universities, local communities, and citizens and consumers should all play their respective roles to solve pending issues. Private companies are requested to enhance their mid- to long-term earning power by strengthening their investments in the future in areas such as human capital, and to achieve sustainable growth by circulating their profits through wage increases and other distributions, as well as through further investment in the future. We are committed to building a sustainable capitalism focused on various stakeholders. While our basic principle is to realize economic growth by utilizing market functions, it is also important for the public and private sectors to work together to create an economy for a new era, with the government providing a supplementary response in areas that are not sufficiently addressed.

Due to the COVID-19 pandemic, people’s mindsets about their work style and lifestyle has changed, with digital transformation—which

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