

Special
Dialogue

“Toward a Sustainable Capitalism” A Series of Dialogues between Business and Philosophy

KEIDANREN The 21st Century Public Policy Institute analyzes the impact that changes in the international situation, technological innovation, and the spread of infectious diseases are having on capitalism and democracy. As part of these efforts, we are carrying out exchanges of opinions on these issues between project leader and philosopher Takahiro Nakajima and Keidanren executives and representatives of member companies. For this edition, we feature a wide-ranging conversation focused on “how to build the capitalism of the future” between Project Leader Professor Nakajima and Tetsuji Ohashi, Vice Chair of KEIDANREN and Chair of the Committee on Management and Labor Policy (Chairman of the Board, Komatsu, Ltd.).

Date of Conversation: May 24, 2022

Vice Chair, Keidanren and
Chairman of the Board,
Komatsu, Ltd.

Tetsuji Ohashi

Project leader, The 21st Century
Public Policy Institute, and Professor,
Institute of Advanced Studies on Asia
and Director, East Asian Academy for New
Liberal Arts, The University of Tokyo

Takahiro Nakajima



■ **Moderator Makoto Ota, Acting Director, The 21st Century Public Policy Institute**

Today, our focus is on how to build the capitalism of the future. I'd like our guest speakers to talk about the direction Japan should aim for in the future, and some of the challenges that need to be addressed to make that a reality, bearing in mind the sustainable capitalism endorsed by Keidanren and Professor Nakajima's ideas for a model of capitalism that can help to enrich people's lives. Today, I want to focus particularly on the development of science and technology and the impact that this has on human beings and human societies, and also to consider working styles and efforts at regional vitalization.

But let me start by asking you how you see the state of things in Japan today.



■ **Takahiro Nakajima, Project Leader, The 21st Century Public Policy Institute**

I found myself nodding in agreement just now at everything that Mr. Ohashi was saying. This issue of institutional fatigue is a major problem in Japan at the moment. I think that at least part of the reason why we haven't been able to introduce measures to respond to the pandemic in a timely manner is because our systems are past their sell-by date. The reality is that serious questions are being asked about our imaginative ability to come up with new systems, but this is something that is rarely discussed. I think that lack of energy and drive has perhaps worsened the feeling of stagnation during the pandemic.

I feel there is a kind of mechanism within Japanese society that works to stifle changes that might otherwise be happening in society. Normally you'd want systems in place to recognize and reward attempts to change, even if those efforts don't succeed. But our society has become absolutely permeated with a way of thinking that believes that failure must be avoided at all costs, that we must always aim to achieve the average score. I think this is the true nature of that sense of suffocation and stagnation.

I wonder if Mr. Ohashi has any concrete ideas for attempting to break out of this?

■ **Ohashi**

One thing of course would be to encourage people to study the liberal arts. But even more fundamental, I think, is the way that people think about nature and the planet and living things and the sense of distance between these things and us. If people could encounter nature more directly, if they could touch it and feel for themselves that something is changing, I think they would start to ask themselves: "What is happening? We're doing something wrong." This isn't quite what Kohei Saito discusses in his book *Hito Shinsei no Shihonron* [Capital in the Anthropocene] (Shueisha Shinsho), but I think there is a kind of boundary there. This may be a problem with the education system or a problem in society, though, I feel that at the moment people aren't really given the time to experience and feel this for themselves.



The state of Japan today

■ **Tetsuji Ohashi**

All the issues that were there already before the pandemic have risen to the surface. Before the pandemic, we already faced problems with the environment and social inequalities, in the context of a declining population. People were already aware that we needed to do something to address these issues. And then the pandemic hit and made these problems a lot more prominent than they had been before.

In particular, I think there's no question that we are seeing institutional fatigue in many of the systems that were put in place after World War II. The slowness with which we're moving to digitalization is just one example of this.

Another thing I feel is a real sense of stagnation in Japan. Our company carries out a survey on employee engagement levels around the world, and the country with the lowest scores is Japan. I sometimes feel as though the various problems we have in the country are somehow sapping the energy and engagement of the people who live in this society. Even young people aren't energetic or optimistic. I think we need more energy and vitality, not only in the economy, but in the sense of encouraging people to live their lives to the full. I want my children's and grandchildren's generation to work hard and do their best for the future. I sometimes ask myself what we can do to contribute to that.

■ Nakajima

There's a certain kind of physical knowledge that has become impoverished, I think. Physical contact with the earth, with insects, plants, and animals, in a sense forms the foundation of all human experience. It's become more difficult for people to develop a sense that there are certain spheres that human beings simply shouldn't enter.

Systems exist to support this kind of physical knowledge and the experiences based in it, but institutional fatigue is hampering these systems, including education, and making it impossible for this sense of physical knowledge to blossom and develop. Improving our systems can help us to make human lives richer. I think it's important to communicate this message to young people.

■ Moderator Ota

The remarks you have both made strike me as being closely related to the question of how to live in a society where science and technology have developed to a high level. Perhaps I could get you to explore your ideas on this topic, starting with the relationship between human beings and development in that sense, and the impact that science and technology have on society.

The development of science and technology and its impact on society

■ Nakajima

I think behind the development of science and technology is a desire to look for our own convenience, and a readiness to sacrifice things for that convenience. If you look at the way information technology is developing today, you can see a situation in which people apparently don't care how their data is used. They want information even if it means paying for it with their own time, and don't particularly care if they end up being used by information. All for the sake of convenience.

I think this means that at some stage the technology has overtaken us and has started to imprison people. Of course, clearly technology also has made people's lives richer. There is that side to it as well. But I think we need to step back and ask ourselves to what extent this technology is effective. To what extent is it really helping to enrich human lives? If at least a part of the feeling of claustrophobia and stagnation that young people in Japan are feeling stems from technology, then I think older generations need to work to bring move that in a positive direction.



■ Ohashi

Generally speaking, science and technology are extremely effective not only in terms of convenience but for overcoming all kinds of problems. In industries like construction and mining, for example, where work on the frontlines is quite dangerous even today, I think it is important to use science and technology to improve safety and productivity. However, this also has drawbacks. We don't want to see a situation where mechanization makes development so easy that people go in digging in areas where human beings have no right to intrude.

I think maybe we should try to differentiate between the science and technology as it relates to safety and human lives, and science and technology that just makes things more convenient. We should try to keep these two categories apart if we can. In our company, in making decisions we act according to an order of priorities summed up in the acronym SLQDC: Safety, Law, Quality, Delivery, and Cost. First, we look at aspects that might affect life or health. That's our number one priority. Next, we make sure that we are abiding by all laws and regulations, and then finally we try to do what we can to maximize our profit.

We also think of SLQDC from the customer's point of view in practical applications of our own technology. All our clients are different, of course, but our philosophy is always to produce reliable and high-quality products that take into consideration the health and safety of the customer, as well as respect for the environment and various regulations. And we want to make that a reality not in 10 years' time, but right now.

■ Nakajima

I think you're quite right: we need to dissect and break down technology itself. Personally, I'm interested in the idea of *Hito no shihonshugi* (Capitalism for Human Co-becoming), as I call it in my book. My hope is to see capitalism move in a direction that will help to enrich people's lives. I think of technology in the same kind of way. I think the kind of technology that is desirable is technology that makes people's lives richer and more prosperous—that's the kind of technology we want to see. It is certainly true that medicines that cure diseases and other things like that relate directly to human life. Things like this cannot be properly evaluated by the logic of the marketplace alone.

I was impressed as I listened to what you were saying just now, and think the philosophy followed by your company is praiseworthy. But there are other companies, I think, that prioritize costs over safety.

■ Ohashi

I'm sure there are some companies like that. And I think it's a temptation that exists for all organizations and all companies. In that sense, it's certainly true that not everyone is perfect. But on the other hand, if everyone was merely out to put profits first, society wouldn't be able to function at all. I think that way of thinking I mentioned earlier is important. It's important to make a difference in the areas where you can take actions yourself, and our aim is to increase the number of colleagues who think the same way.

■ Nakajima

There need to be guarantees within the system that ensure that safety comes first, ahead of competing priorities. Looking from the outside, however, I get the impression that in some areas this kind of guarantee is not yet properly in place within systems. Individual companies are working hard and doing their best, and companies like yours are working to increase the number of like-minded people in the industry. I think this kind of effort is what will help make capitalism better. I only wish there were something more systematic in place that could do more to support and promote these efforts on the part of individual companies.

■ Ohashi

I think you're quite right. If a company is serious about implementing the SLQDC system properly, it inevitably involves costs. I think we need a framework that evaluates organizations that take the appropriate measures to follow this system even if it involves increased costs.

Sustainable capitalism and making information visible to all

■ Ohashi

We need to get away from the tendency to want to simply increase profits on the balance sheets, or to chase after market capitalization. This is something that Keidanren has been saying for the past year and a half, as part of The NEW Growth Strategy, which advocates sustainable capitalism as a new form of capitalism. I also think we need to change the criteria by which we evaluate companies and their businesses. We won't achieve anything unless we can change where money goes. Ultimately, this will boil down to how much can be done to limit speculation. One of the possible things that might be used to achieve this is information technology. For example, Smart Construction, which we started six years ago. Construction machinery is equipped with auto-control functions and GPS, allowing construction work to be carried out automatically or semi-automatically. Another benefit is that you obtain a complete read-out of all the data relating to a construction project. The construction industry in Japan is made up mostly of small companies. Management succession is often a problem, a lot of the work is quite dangerous, accidents are not uncommon. That's the current reality facing the industry. We started Smart Construction as part of an attempt to do something to improve current conditions in the industry. That accumulation of data on the construction work process is very important. At the end of a project or phase of a project, we might have data showing how many centimeters of ground were backfilled, using what type of machinery, in the course of three months, for example. This kind of data can be extremely useful when the work needs to be done again in ten or twenty years' time.

■ Nakajima

In that way, you are building up a kind of memory of the land.

■ Ohashi

Right. And in fact, four companies including us have joined together to start a new platform called LANDLOG, with the idea that we should do more to increase the public usefulness of this data. Even in the case of small data, if you eventually get land data on a global level, it will be huge. The question then becomes, how should we handle this information? Our principle is that it shouldn't be monopolized by an individual company.

■ Nakajima

I think you raise a very important subject. In a somewhat different and large context, when Edo became Tokyo after the Meiji Restoration, the new government worked to obliterate the memory of the old city Edo had been. But if you go to Kyoto, all these different memories from different stages of history are preserved there, piled up on top of one another like different geological strata. And if you ask yourself which of those two cities makes it easier for us to look back on and relate to history, the answer is clearly Kyoto. I spoke just now about building up a memory of the land. The term just popped into my head. But in fact, if you think about it, by gathering such data you can build up a kind of curriculum vitae of the land and the uses to which it has been put. And that record can help you to see and understand the actions taken by people in a certain period. It makes visible the engagement of different people at different times in history.

That kind of thing should not be monopolized by a single company. It should be shared as a public asset. That memory of the land should be part of the commons shared by society as a whole. And by making this data available to everyone, we are helping to open up the possibility of new ways of using the land, new ways of shaping the future. There are all kinds of potential in there if we make the data free for everyone to use. I felt that strongly.

■ Ohashi

Who should own the data on a construction project carried out on a particular piece of land? The land owner? The person who carried out the work? Once you start to look at the question "Who does this belong to?" there are potential business opportunities in all kinds of things. But I think it's important that this kind of data should not be monopolized by a single individual company.

■ Nakajima

I think by making this memory of the land public in this way, you make it possible for people to use the land better in the future, or to evaluate the uses made of the land in the past. And I think this might help to bring major changes to the kind of relationship we have with the land. It might allow us to develop a freer relationship with the land, that is less bound by land ownership rights.

■ Moderator Ota

I'm sure revitalization of the regions and the role of companies will be extremely important in terms of bringing new vitality to Japanese society. I wonder if I could get you to talk a little first, Mr. Ohashi, about the founding spirit of your company, and your thoughts on regional revitalization.

Revitalizing Japanese society

■ Ohashi

We recently marked 101 years since our company was established. At the time, our founder laid out four priorities for the new company: 1. Global expansion, 2. Quality first, 3. Technological innovation, and 4. Employee development. These four principles are still followed by all our employees today.

Another thing is that at our company we define corporate value in our own distinctive way, as the sum of the trust placed in us by all our stakeholders. We have always operated according to this way of thinking, and we value our relationships with the region and the local community. These are extremely important to us. They represent both the source of our workforce and are also the people who evaluate us. Of course, as a company we want to increase our profit and return that to our stakeholders. And one of the ways we do that is the contributions we make to the region and the community. In particular, I think it's important that we do as much as we possibly can in Ishikawa Prefecture and the wider Hokuriku region, as a way of giving back to the community that has supported us throughout the 101 years of our existence. We make sure to get involved in a wide range of activities as a way of giving something back to the community.

According to the Vital Statistics survey compiled by the Ministry of Health, Labour and Welfare, the difference between the number of births and deaths in Japan in 2020 was around 530,000 people. That means that the population of Japan as a whole is decreasing by the equivalent of the population of Tottori Prefecture every year. Looked at more closely, although during the pandemic there was a slight weakening in the tendency for the population to concentrate in the big cities, nevertheless the population in the regions is falling, and particularly in the age groups from 18 to around 30. The population of women is falling particularly fast in many areas. This is something that every prefecture is experiencing. Ishikawa is no exception.

If you listen to what people are saying, it's clear that it's not just a lack of places of work. Culture, and the natural environment are also important. A lot of regional areas don't offer much in terms of these things either. We're trying to create places where people can try all kinds of different activities, rather than only offering a place of employment. At the moment, we are collaborating with Waseda University and Ishikawa Prefecture to help provide training for highly skilled human resources in artificial intelligence (AI) and the Internet of Things (IoT) and other cutting-edge technology fields.

■ Nakajima

During the Edo Period, for example, Japan was divided up into numerous different domains, and each domain had its own richly distinctive culture. These domains were not isolated from one another. People would travel back and forth from one domain to another, and this led to a cross-pollination and communication between the cultures of different domains. Take the haiku poet Matsuo Basho, for example. His famous journey that led to the book *Oku no hosomichi* (The Narrow Road to the Deep North) was a trip in which he visited haikai poetry circles in various parts of Honshu. And that kind of culture existed in every domain—a culture that was at once distinctive and shared with other domains at the same time.

I believe that culture is one of the keys to regional revitalization. Unless we can create a situation where there is a rich sense of culture even in the regions, or perhaps even particularly in the regions, I think it is unlikely that young people will want to settle down and make their lives in areas of the country away from the big cities.

Recently, I've noticed that increasing numbers of writers and other creative workers are basing themselves in rural areas or regional towns and cities to do their work. I think we could do more to support this trend, and regional universities have a terrifically important role to play. Unless they have the opportunity to experience cutting edge developments in their own regions, young people will go off to Tokyo. We need to do more to young people understand that they can experience similar things in the regions too.

I also feel that as interpersonal relationships have become impoverished in recent years, the sense of isolation that many people feel has become worse in the regions, precisely because you feel isolated away from the big cities. I think that's one aspect of it. When you're trying to revitalize the regions, it's also important to enrich that kind of social capital that links people together. That means investing in culture, and that will require investment that is not simply market-driven. I think this is the kind of thing we need to do to enrich culture in the regions.



■ Ohashi

Kanazawa, the biggest city in Ishikawa, is obviously somewhere that is extremely rich in terms of culture. Even so, people still want to go to Osaka or Kyoto, or to Tokyo. One approach would be to say it doesn't matter if people move to the big cities when they're young, as long as they come back later. But if you look at recent demographic trends, people who grow up in the regions and move to the big cities tend to stay on in Tokyo or Osaka and don't return to their hometowns even after they reach retirement age. We see the same thing in our company. If they raise a family in the big city, their children grow up thinking of Tokyo or Osaka as home, and they lose their connection to the place they originally came from.

I think it's important to do everything we can to make the regions more welcoming for families—starting from the age when people are getting married and raising a family. If people experience for themselves what is truly important in life—including culture, the natural environment, watching the clouds drift by, watching the river flow, the sea . . . that kind of experience of what's important can help people grow into more rounded, grounded individuals.

■ Nakajima

In a way, it's sad that people can't return to their hometowns even after reaching retirement age. Presumably part of the reason is that they don't, or can't, maintain dual residences between the two places during their careers. That makes it more difficult to return. In my book *Hito no shihonshugi* (Capitalism for Human Co-becoming), a lot of people discussed the importance of maintaining dual residences or multiple residences. I think it's important to divide your time between a local region and Tokyo from an early stage. Of course, this isn't easy. It involves additional costs and transportation time. But it would be no bad thing if more people could get a taste of the positive aspects of life both in Tokyo and in the regions.

■ Ohashi

I agree that dividing your time between two bases is a good system. It strengthens your ongoing commitment to a place you have a connection to and a feeling for. It also allows you to experience the differences between Tokyo and Ishikawa, the different values, and to interact in diverse ways with different kinds of people. And these experiences can help you develop into a stronger, more rounded person.

■ Nakajima

In terms of dual residence, I think more could be done not only in terms of tax breaks but also in terms of voting in elections. I think democracy is coming to a turning point. As things like dual residency become more common, there's room to do more in terms of tweaking the ways in which people can communicate their views to the region where they live, and makes their wishes known for the kind of local communities they want to live in, and so on.

If there is more support in terms of systems for things like dual residence, I feel that the framework in place now, which pits the regions against Tokyo and the other big cities, will probably fall apart. If we can use our powers of imagination to come up with the right kinds of systems, we might be able to do something to improve the somewhat deadlocked frameworks we have at the moment.

■ Moderator Ota

Starting from the question of regional revitalization and how to bring new energy to Japan, you have both spoken about the fundamental issues of working styles themselves, including where to live while pursuing careers and what working styles to adopt. Perhaps I could use this opportunity to ask you for your ideas on how we should think about the reforming the way we work.

Work style reforms

■ Ohashi

Work style reforms is one of the issues I'm working on within Keidanren. We have made progress in the past 10 or 15 years in terms of reducing working hours. But as I said at the outset, the economy is stagnant and isn't really growing at all. Wages are also quite low compared to global levels, and value added per worker is also low. We believe that output is a large part of this. Therefore, engagement is important, and we are working on various aspects, including making better use of IT, diversity, opportunity gaps between companies, regional issues, start-ups, succession problems, AI and IoT education training, and reviewing the Japanese model of employment still common in large companies.

One question that particularly interests me is the sense that your work is rewarding and worthwhile. Where does that come from? Even with employees performing the same routine work every day, some of them will feel satisfied and fulfilled doing that work, and others won't. The purpose of the company also makes a difference. Is the company working for people's safety and happiness, for example, or is it merely doing everything it can to make a profit? These things can have a major impact on the extent to which employees find satisfaction and meaning in their work.

To achieve work styles that maximize output, we will need to gradually change laws and other regulations. The legislation and rules to do with labor and working is quite rigid, and a lot of the patterns of behavior we see are the result of these rules. I think it will be important, particularly in Japan, to create alternative models for acceptable approaches to work: prioritizing job satisfaction, perhaps, or ensuring that people can take a more relaxed and freer approach to work, for example.



■ Nakajima

In my own job, I'm on a discretionary labor system, so that my salary doesn't change even if I do overtime. In a sense, I am free to work as I see fit. I think if people are free to work as they like, people will divide into two groups. On the one hand, you may have some people who are overwhelmed or crushed by that freedom. But on the other hand, you have people who throw themselves into creativity, who have the experience being in a kind of "zone." I sometimes have that experience myself when I'm doing research or writing papers. And that can result in a good paper or a good book. But it doesn't feel like something I'm doing alone. It feels as though I'm in a workshop or atelier with several other people. It's as if the knowledge and understanding of many people is coming together and blossoming into something new.

Isn't this what meaningful work and job satisfaction mean? If more people could experience this, it would result in a totally different kind of engagement from the one we see now. And if you start to think about what lies at the heart of this, I think it comes down to "meaning." How can we give everyone the sense that they are doing something that has meaning? How can we put the conditions in place that would make that possible? I think those are the questions we need to answer.

Teaching in a university, I often think that the knowledge and expertise a person gains from four years of study for an undergraduate degree stays current for perhaps two or three years. Even the knowledge a person gains from going on to graduate studies and earning a PhD might not last ten years before it becomes old and out of date. It is vital to think in terms of studying throughout our lives and careers, in the form of recurrent education. The knowledge and experiences you've built up to date will become obsolete. They will no longer serve a purpose. And when that happens, there should be no problem, no shame in moving onto something else, in making a fresh start and trying something new. You can reset and try something new. I think we need to put the conditions in place that will make that kind of approach feasible in the future.

■ Ohashi

I think output is likely to be greater with a discretionary labor system. In the immediate term we should look at broadening the professional fields in which the system is used. In jobs where an employee is using specialist knowledge and creativity, it is impossible to evaluate the work done on the metric of working hours.

There is also the issue of obsolescence in science and technology. That's unavoidable. People will inevitably need to move jobs as the structure of industry changes in the years to come. In that sense, in Japan a lot of that job movement at the moment happens within companies, but I think we need to do more to create systems and frameworks that will allow more movement between companies and across professional fields in the future. For that, it will be important for people to learn new skills through recurrent education or reskilling, and then go on into their next job, perhaps in a new field or new company.

■ Nakajima

I often say, half-jokingly, that the private sector should consider introducing a system like the academic sabbatical that exists in academia. You could let employees take an extended period off once every few years, with a guarantee that their jobs would be there for them when they came back. People could use that time not just to relax and have a holiday, but to improve their skills, or perhaps go into schools to share their experiences mainly in the workplace with the younger generation. I think that would bring about a big change in the form of education in our middle and high schools today. There are various steps we could take with regard to the way in which people work, and take time off from work, but the environment or culture for moving that conversation forward perhaps isn't yet in place, which seems a shame.

■ Ohashi

We are in an age where it is not uncommon for people to live to a hundred. That means that people can continue to divide their time between the big city and one of the regions even after retirement, and help out with activities in the local area that they have a personal attachment to, an area they have a feel for and where they know people in the community. Even if they do it just once a week, there are lots of things you can do by using your years of health and fitness until 80 or so. And the potential is even greater if you start while you are still young, or perhaps take the time to try something during a mid-career sabbatical.

■ Moderator Ota

What you've been saying touches on the question of being able to discover the issues and challenges that need to be addressed. This is a subject you have often talked about, Mr. Ohashi. It also relates to the ability to define problems—something that you have often spoken of as a priority, Professor Nakajima. What are your thoughts on human resources training in the years to come?

Human resources training in the coming decades

■ Ohashi

In manufacturing, we believe that if we can grasp the specific relationship between cause and effect, we will be at least halfway to finding a solution to the problem. This is what I mean by the ability to identify challenges. Although in some cases it may be possible to identify issues that need to be addressed by relying on your own logic or supply-side ideas, in manufacturing at least, we generally look to our customers, or society in general. We look carefully at the issues that are causing problems for society or customers, and that is how we identify the areas we need to address.

Take these flowers here on the table in front of me, for example. You might look at those flowers closely. You might notice, “This part is sticking to this part here, because of the way this other part is arranged over here.” You would examine everything closely and see if there are things that can be improved. You can look at everything like that, on various levels. The forest, the trees, down to the leaves on the trees. You look at things from various angles. Just look first, and try to notice problems or issues that can be addressed. It’s the same in a factory. We encourage people to develop the habit of looking carefully. Go beyond the surface. Dig into things a bit and think about what you are seeing. Are the proper safety procedures being taken? Take a closer look. What are the potential problems? What areas might be causing problems? Once that habit is in place, we can work on breaking down the specific individual issues raised by customers and the wider society. Once you can see a problem, I think you’re at least halfway to visualizing a method to resolve it.

■ Nakajima

Many people tend to ask questions by thinking of the future as an extension of the possibilities that have existed in the past. But that can only ever be one form of the answer. It is not a question. Sometimes I think new issues and challenges can be brought out into the open by a desire for something, by wanting something new. This is also a kind of reasoning or inference, I suppose.

I think perhaps we need the same kind of thing in training human resources too—a different kind of approach from simply thinking of the future as an extension of present potential. A different approach that produces new questions and new challenges through the power of wanting something.



For that to be feasible, physical understanding and knowledge will be vital. That’s why I think there is no future in any approach to trying to train and educate people for the workplace that does not incorporate things and people from the wider world. It’s vital to bring people into contact with nature and art.

■ Moderator Ota

Mr. Ohashi, you’ve spoken today about the importance of contact with nature, about the importance of being able to watch the clouds. And I understand that you, Professor Nakajima, have been pressing for a long time the idea of an arts college within the University of Tokyo. As things move in this direction, refining people’s sensibilities will become increasingly important in the future. I wonder if I could get you to talk a little more about that aspect of things.

The importance of incorporating the liberal arts into education

■ Nakajima

I’ve been saying for a long time that we should aim to move beyond the division between humanities and the sciences, but it’s not easy. My idea is that the arts can serve to join the two, and perhaps help us to scale the wall between the humanities and sciences. I’ve suggested putting a system in place within the university that would make it possible to study all three areas: the humanities, the sciences, and the arts.

In terms of why I think that’s important, it is sometimes said that reason is the foundation of all logical thought and inference. But I have come to believe that sensibility is also part of it—and in fact might have a decisive influence on steering our thinking and inference. This question of the emotions and feelings is receiving a lot of attention around the world right now.

Switching tack slightly, if you look at the East Asian tradition, for example, in China you have the idea of “rites and music” (li yuan), the two things going hand-in-hand as certain norms of behavior and as a kind of crystallization of a certain kind of music, both built on the same kind of refined sensibility. Of course, there are aspects of our sensibility that are extremely uncertain and unstable. But if we accept that this is part of our human condition as beings who inhabit a physical body, training and cultivating that sensibility and making our emotional lives richer is essential. And I think the classics, at least in East Asia, have always sought to do that.

I think we could do more in education and workplace training to cultivate that kind of sensibility again, in a more modern way. Particularly in higher education, it’s essential, and that’s why I’m involved in various endeavors along those lines at the moment.

■ Ohashi

I totally agree. Even in universities in other countries, these things haven't always been there. When I was a student at Stanford from 1982 to 1984, for example, there was hardly any mention of business ethics in any of the classes I took. But later, when I was at Harvard, in 1998 or 1999, subjects like art and business ethics had been introduced to the curriculum and accounted for around 10% of classroom time.

Ultimately, I think people need to make judgements. Should I step forward, do I go to the right or to the left, should I step back, or stay where I am? If we have refined sensibility, if we're in touch with our feelings, this can give us a sense of what we should do when we are confronted with these decisions. But if these feelings are not as sharp as they should be, we're at risk of making bad decisions and doing something that's not in our best interests. I feel that part of the reason why capitalism has gone too far is connected with this kind of thing, and I agree with Professor Nakajima that the further spread of East Asian thought and philosophy would be no bad thing—the Chinese ideas about rites and music you mention would be an example of that, I think.

■ Moderator Ota

For this final round of questions and comments, I'd like to get you to talk about sustainable capitalism. How should we look to make capitalism more sustainable? Perhaps I could get you to describe your vision for the future of capitalism. What form would a more sustainable form of capitalism take?

The future of capitalism

■ Nakajima

Young people today are extremely skeptical about whether capitalism is something that is sustainable or not. That's one reason why books on Marxism have been selling so well recently.

I understand their feelings of worry and irritation only too well, at least in some aspects. But that doesn't mean you can just suddenly give up on capitalism. I think we're going to have to work to “domesticate” or “tame” capitalism in some form, or try to make it into something a bit wiser and more intelligent.

The original idea of capitalism as I understand is that you invest in something, and that investment is used to develop products, services, and people. Profits go up, and these are returned to investors and other stakeholders. That's the framework as I understand it. But I wonder if that kind of proper investment is actually taking place in today's capitalism?

What we need to encourage is not speculation but investment that will contribute to ethical consumption and production. That's how we can link capitalism with ethical behavior.

I think if we leave capitalism as it is today, there is the risk not only of speculative investment, but that capitalism might move in the direction of little or no investment at all. One of the tasks confronting us is to use our knowledge and expertise to develop a framework that will encourage the right kind of investment that will help to move things in a positive direction.

■ Ohashi

It's a difficult question. I said earlier that our company orders priorities using the SLQDC abbreviation, and I think the situation is similar for the national government. For the government, S is the lives of the people and national security, L represents the legal system. As part of that, you try to take steps to protect the environment. For Q, the government must think about how to improve people's quality of life—and that includes culture. Then there's D, which involves executing policies in a timely manner. And while following this order of priorities, we must pursue C, even though keeping the economy running is perhaps the most fundamental thing of all in terms of running the state or governing society.

In terms of capitalism, then, of course it encompasses the economy. But I think really it includes all of these things, and that starts with the administrative systems of the national government. In that sense, it's very important to “invest in people,” as Professor Nakajima says. Today, though, however much you invest in training your employees and improving your workforce, it will be treated as an expense in the profit and loss columns on your balance sheets for a single fiscal year, and that comes under cost-cutting. I think we need to develop a framework that would make it easier for companies to be properly evaluated and rewarded for the investments they make in people. That would help us to invest while remaining mindful of safety.

■ Moderator Ota

On that optimistic note, perhaps to wrap things up I could ask you for your message to the next generation. What would you say to the young generation that will shape the future for Japan and the world?

Message for the next generation: Now is the time for young people to open up new horizons

■ Nakajima

I have nothing but hopes and expectations for the young generation. If anything, my hope is that they won't be crushed and overwhelmed by too much expectation. I want them to enjoy the freedom to come up with their own ideas. People should be allowed to think about things freely. There are no forbidden questions. You should be free to ask anything you like. You can think whatever you want. I hope that young people will have experiences that will open up new horizons. If they do, they will come to understand that each of them has responsibilities to other people, too. And in time I think that realization will make them happy.

That's why I'd like them to experience these things at as early a stage as possible. I think as the older generation, we need to think about how we will support this, or how we will put in place the necessary conditions to make it possible.

■ Ohashi

I'm the same. I have great hopes for young people. Looking back in history, in 1945 Japan was defeated in the war, and it was relatively young people who came up with the design for new systems of governance for running the country. That was when wonderful companies like Sony and Honda got their start, and young people worked hard to turn them into successful companies.

But the systems that were put in place then are starting to show signs of institutional fatigue. That is also a fact, I think. People sometimes say that Japan is susceptible to pressure from the outside world—that the Japanese only get serious about things when a moment of crisis comes from the outside, as when Perry's Black Ships arrived and forced people to address the country's weaknesses in the nineteenth century. Today, we face a moment in the aftermath of the pandemic—of course, this is not the same as losing a war, but it's a moment of crisis and potentially a moment for change. I think this is another of those moments where young people need to stand up and realize that this is their moment. And for that to be possible, they need to be in touch with nature, first of all. They should develop their sensibility and study history and philosophy well, and then stand up and speak with their own voices on environmental issues and politics, and step up to take action in society. Start-ups are part of this, and an important way for young people to gradually build up their experiences of success.

We mustn't get in young people's way. We tend to start telling people, "No, that's not right," based on our own successes in the past. But I think we must resist this temptation. We mustn't get in the way. In that sense, perhaps our job will be to get rid of aspects of the old system that have clearly become antiquated and obsolete.



■ Moderator Ota

As well as discussing the systemic aspects of the challenges we face, you've both touched today on the importance of education and training that incorporates the arts as well as the humanities and sciences. Thank you both very much for a very rich and thought-provoking discussion.



21世紀政策研究所

TEL 03-6741-0901

FAX 03-6741-0902

URL <http://www.21ppi.org>

Edited and published by:

The 21st Century Public Policy Institute, Keidanren-3-2
Otemachi, Chiyoda-ku, Tokyo 100-8188