

“The Era of Uncharted Capitalism—Where Do We Go Next?”

“Awareness of Issues among the Committee”

Since the beginning of the 21st century, capitalism has increasingly become unstable in principle due to changes in the situation of countries and powers. This report will explore the reasons for this situation and consider the future direction of the uncharted world.

In global capitalism until the 1970s, industrial adjustment and developmentalism were thought to last for a limited period of time, while countries enjoyed the fruits of the market economy and the gains from globalized trade. Disparities that unavoidably occurred were also addressed by the welfare state system, meaning that capitalism at that time was well charted for stabilization. In modern capitalism, on the other hand, industrial adjustment and developmentalism are constantly seen, the benefits of the market mechanism are neglected, and the gains from globalism are abandoned by antiglobalism. Resulting disparities are always dealt with by populist policies in an ad hoc manner, making today’s capitalism more unpredictable, divergent, and unstable, with no chart for endogenous stable equilibrium within itself. We will examine the reasons for the emergence of such capitalism in principle in line with the current situation of various countries and then consider the growth potential for future capitalism and the ideal shape of a future Japan based on the following three keywords: (1) neoliberalism after the 1970s, (2) national capitalism, and (3) social disparities under globalization.

The Committee discussed and verified the working hypothesis that the issues of modern capitalism originally come from the diversified spirit of capitalism or cultural values, as well as from the declining cultural hegemonism of the United States facing that reality.

We have made the following two assumptions in this work: (1) Now is the era when culture should be taken into account in considering capitalism; in this context, we need to face the issue of diversified economic and cultural values, and (2) Anglo-American hegemony should be considered relatively in global capitalism, where hegemony is changing considerably.

What needs to be discussed here are the following three points: (1) changes in economic and cultural hegemonies, (2) consideration of the secular stagnation theory and stagnant productivity, and (3) the diminished authority of Western capitalist culture (the Washington Consensus, financial globalism, and inequality issues).

In this regard, differences with the United States, China, and other countries need to be mutually recognized before we explore how to build an agreeable international economic order.

The Aim of the Report

Since the beginning of the 21st century, capitalism has increasingly become unstable in principle. This report is intended to explore the reasons for this situation and consider the future direction of the uncharted world.

Until the 1970s, economic growth and prosperity were thought to come from the adherence to market mechanisms and globalism, Keynesian economic adjustment, and complemented by the social security system (the era of harmonic growth). After that, however, neoliberalism gathered steam with denial of the welfare state, national capitalism rose to prominence, and disparity grew due to digitalization, globalization, and financialization, which eventually urged a major correction to conventional capitalism.

In the meantime, industrial support from governments has become a constant practice (protection policies) and populism is emerging, while there are also an increasing number of calls for governments to promote socialist policy. This may cause a distorted market mechanism and a weakened innovation, thereby possibly diminishing economic prosperity that has long been achieved by capitalism. At the same time, this situation also requires resolving the contradiction originally arising from capitalism itself.

This report will identify various emerging characteristics and issues of capitalism, including Minsky's perspective of whether an equilibrium mechanism is included in them as capitalism, and consider the ideal shape of future capitalism. Considerations in this report will also include what message should be conveyed to the world based on the experience of Japanese capitalism, which has developed differently from that in Western Europe and China.