

The Age of a Common Agenda

By Kazumasa Kusaka

In the past, the main focus of international meetings or negotiations used to be trade and investment disputes between nations. It is true that territorial issues and migration across borders with neighboring countries are still mainly discussed in bilateral contexts, but if we look at the example of Britain's vote to leave the European Union — and leaving aside any possible impact on trade and investment flows and the regime that governs them — it appears that there may be a much broader influence on political movements for independence from the EU within other member countries, or on the future dynamism towards other kinds of regional integration.

Why does “Brexit” matter beyond a bilateral context? Because it was partly driven by discontent over such issues as uncontrolled immigration and deepening income discrepancies, as well as a reaction against governing elites. Similarly, one reason why the presidential election in the United States is attracting more than usual global interest is not simply the immediate difference the president-elect could make personally, but the more structurally long-lasting consequences that societal changes that catapulted Donald Trump and Bernie Sanders to political prominence could bring. These changes are not unique to the US but are a common challenge we face in many nations or regions.

Discussions of common agenda issues in bilateral consultations have a long history and have formed the basis of effective global governance through the G7. It was Dr. Henry Kissinger who proposed the creation of an international body named the International Energy Agency to cope collectively with a globally connected energy market. Individual governments alone cannot deal with this connected market and with OPEC. Another clear case of a common agenda is the issue of global warming and the trans-border challenges it poses.

A different type of common issue now are problems once regarded as purely national but which many other countries or regions face or will face in time. In Japan, the declining birthrate and the aging of the population have intensified over a short period, and are now having an effect on failing pension funds and other social security systems, as well as Japan's economic performance as a whole. For some years, especially within Japan, this challenge had been perceived as unique to the country, but the United Nations points out that by 2050, Singapore, South Korea, China and some southern European countries will see similar demographic problems.

According to the UN estimate of population trends, while the portion of the Japanese population older than 65 years will be around 29% in 2020, the predicted percentage for China is around 28% in 2050 and for Italy around 29% in 2030. Japan's total fertility rate, i.e. the number of children per woman, has been 1.32 for some time, and some countries in other regions, except the

Middle East and Africa, are following this trend. In this longer time frame, how Japan can cope with this demographic challenge could be a valuable lesson for other nations, regardless of its success or failure.

One characteristic of social sciences, unlike natural science, is that we cannot experiment with hypotheses and policy measures in advance: a new policy can only be tested in a real case, and then we learn through its success and failure, and in some cases through unexpected side-effects. “Humility and a critique of the outcome are essential for new policy measures,” the highly respected historian Hisao Otsuka used to reiterate in highlighting the self-restraint necessary for social scientists. Policy dialogues among governments or researchers are intended for sharing current or historical experiences, and Japan has been active in its dialogues with Asian countries in trying to help them develop effective environmental or energy policies.

In the area of demography, Japan and other nations could learn a lot from France's success in reversing its falling fertility rate from 1.58 to 2.01 by mobilizing a package of policy measures that included a calibrated income tax rate — a *quotient familial* whereby in a family with two children the income is divided into three in order for a lower rate to be applicable.

Growth strategies are also emerging as a common agenda item for many countries as a top priority. With limited resources in traditional macroeconomic policy areas such as fiscal and finance measures, the task is how to realize sustainable growth by applying more creative policies to the targeted aims. In the 1990s, the Japanese economy suffered for a long period from the post-bubble non-performing loans and balance sheet problem. At that time scholars and policy makers in Europe and North America cast doubt on Japan's capability to deal with it. But now Europe and the US are facing a long timeframe needed for balance sheet readjustment, as well as collateral damage to growth potential. Their policy makers are rediscovering the role of structural reform. Prime Minister Shinzo Abe is not alone in desperately pursuing that area. This is exactly a “common agenda” and a tough one.

The good news is that when participants come out of such conferences, they look a little bit happier and less pessimistic. The nature of the discussions is not zero-sum negotiations, but rather the sharing of experiences in order to be better equipped to cope with these challenges.

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