

Japan Committee for Economic Development: Keizai Doyukai

By Shinichi Hakoshima

The most distinguishing characteristic of the Japan Committee for Economic Development (Keizai Doyukai) is that membership is on an individual basis, in contrast to the corporate membership of other economic organizations. Whereas the Federation of Economic Organizations (Keidanren), Japan Federation of Employers' Associations (Nikkeiren) and Japan Chamber of Commerce and Industry (Nissho) coordinate and represent the interests of the industrial community and enterprises, Keizai Doyukai seeks to provide a forum for its members to freely exchange views on the ideal form of economic society and management philosophy, and to pose questions for examination and discussion without being bound by their business interests.

Keidanren coordinates the wishes of the business community every year when the government compiles the fiscal budget. But while it works on the government and the ruling Liberal-Democratic Party to see those wishes materialized, Keizai Doyukai seldom sticks its nose into such practical affairs. When it takes up fiscal matters, it concerns itself with the basics, such as the proper division of roles between state and local finances, and ways to rehabilitate government finances. Keizai Doyukai is more interested in medium- and long-term structural problems than in immediate dollars-and-cents issues.

Proposals and reports presented by Keizai Doyukai in the past have anticipated future trends and have sometimes placed it in confrontation with the majority view of the business community and government. They were, so to speak, the outcome of Keizai Doyukai's salon-like atmosphere in which members engage in free and lively exchange of views as individuals.

A progressive heritage

Keizai Doyukai was inaugurated in 1946, the year after the end of World War II. In those days, Japan was materially devastated and suffering from a spiritual vacuum. Traditional business leadership centered on the "zaibatsu" financial cliques had ceased to exist. A handful of middle echelon business managers rose from this postwar debris to hold the inaugural general meeting of Keizai Doyukai on April 30, the day



Takashi Ishihara, chairman of the Japan Committee for Economic Development (Keizai Doyukai)

before the first postwar May Day. Demonstrations against the Shidehara Cabinet were raging in the streets, while factories were the stage for labor disputes; union control of the means of production was spreading throughout the country. Keizai Doyukai had its start in this time of turmoil and confusion.

In the statement on the purpose of its establishment, the organizers wrote: "We, as businessmen, will dedicate our body and soul to building a new-born Japan." They described the organization as "a voluntary group of middle echelon businessmen dedicated to the reconstruction of the Japanese economy," "a classroom for mutual enlightenment and friendly rivalry," and "a club for furthering friendship in a relaxed atmosphere." Most of the founding members were young business managers still in their 40s. Even now it is often said that the outstanding characteristics of Keizai Doyukai are its comradely unity and progressiveness, both legacies of its birth.

Since its establishment, Keizai Doyukai has advanced numerous proposals and recommendations and has served as a guidepost for many business executives who had temporarily lost confidence and were bewildered by a rush of events. At times, its proposals have caused controversy and had unexpected repercussions. One of the most notable cases was a report entitled "Democratization of Corporate Management," published in 1947. The

report advocated labor union participation in management, and was blasted as "revisionistic capitalism" by the conservative members of the business community.

In the history of Keizai Doyukai, the "Kikawada Era" which lasted for the 12 years from 1963 to 1975 merits special attention. Until Kazutaka Kikawada became chairman of the Board of Trustees, two men had always shared the two-year renewable post, excepting only the first chairman. Kikawada, president of Tokyo Electric Power Co., broke the precedent, and retained the post until 1975 when he was succeeded by Tadashi Sasaki, former governor of the Bank of Japan.

The 12 years during which Kikawada ruled over Doyukai coincided with the Japanese economy's period of highest growth and its subsequent downturn to more moderate expansion. During this period, the business community was harassed by economic friction, public anger over environmental pollution, and the first oil crisis. Kikawada was the first to expound the social responsibility of corporations, and he repeatedly urged self-reflection on the part of corporate executives. He himself declared that Tokyo Electric Power Co. would stop making political donations in order to sever its long-standing ties with the political world, and he resolutely translated his pledge into action. Kikawada also defied a taboo of the time and in 1971 advocated the revaluation of the yen, causing the Finance Ministry and the Bank of Japan consternation. He proposed that Japan resume diplomatic relations with China and personally went to Beijing to accelerate the normalization of ties between the two countries. In these and other ways, Kikawada demonstrated his uncommon foresight and outstanding ability to translate ideas into action. The moderate Keizai Doyukai was an ideal base for his activities.

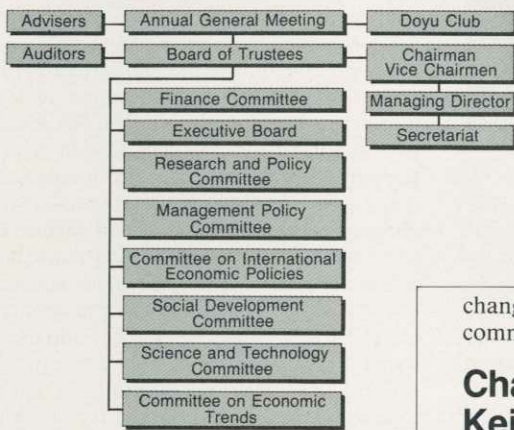
In pace with the internationalization of the Japanese economy, Doyukai actively established ties with overseas economic organizations, and in the 1960s began dispatching missions abroad. Doyukai's first step in this direction was its joint European economic study mission in the autumn of 1960. Headed by Tatsuzo Mizukami, the then president of Mitsui & Co., the mission visited EEC and EFTA member countries.

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The Industry Club of Japan building where Keizai Doyukai and Nikkeiren headquarters are located.

Keizai Doyukai Organization



Counterpart Organizations

U.S.A.:	CED (Committee for Economic Development)
Australia:	CEDA (Committee for Economic Development of Australia)
W. Germany:	CEPES (Europäische Vereinigung für Wirtschaftliche und Soziale Entwicklung)
France:	IDEP (Institut de l'Entreprise)
Britain:	PSI (Policy Studies Institute)
Sweden:	SNS (Studieförbundet Näringsliv och Samhälle)
Spain:	CE (Circulo de Empresarios)

changes views with them on matters of common interest.

Challenges for Keizai Doyukai

At present, Keizai Doyukai has 1,030 regular members. Most of them are managing directors or above in big corporations. On paper the supreme decision-making organ of Doyukai is the annual general meeting, but over the years it has become a largely ceremonial affair. Instead, the Board of Trustees which meets on the third Friday of every month at the Industrial Club building in Tokyo, the home of Doyukai's Secretariat, acts as the top decision-making organ on behalf of the annual general meeting. Even though the Board of Trustees has 262 members, most decisions on important matters are actually reached by the chairman and the seven vice chairmen of the Board of Trustees, who meet on the first Friday of every month.

In addition to these formal meetings, various informal gatherings are held for members to exchange views and communicate with each other. Particularly important is the dinner meeting on the third Thursday of each month. Not only the chairman and vice chairmen of the Board of Trustees but also the managing director and chairmen of such important committees as the Finance Committee and the Executive Board attend this dinner meeting for free discussion on the political and eco-

conomic situation both at home and abroad. They also exchange opinions on a variety of matters ranging from Doyukai's management policies to personnel administration concerning the Board of Trustees.

Keizai Doyukai has eight standing committees. In addition, ad hoc project teams are formed when necessary to address current issues such as energy, education and fiscal problems. The results of their studies and discussions are published in the form of proposals or reports.

The holding of "study meetings" has been one of Doyukai's publicly announced purposes since its inception, and lecturers are frequently invited from the outside. Seven university professors and economists have special membership status, and from time to time, Doyukai also invites politicians to present their views. It once invited a leader of the Japan Communist Party. The Doyukai Secretariat is composed of 32 persons headed by the managing director. Its departments include investigation and research, international relations, general affairs, and business projects. The organization's annual budget comes to some ¥330 million.

One of Doyukai's greatest headaches is generational change. Members who were middle echelon managers at the time of the body's founding are now retiring from the front line of business. As a result of the aging of its members, both Doyukai's position as the "opposition party" of the business community and its intrinsic progressiveness have weakened. There is no denying that the striking characteristics which once distinguished Keizai Doyukai from other economic organizations have become diluted. Attempts are being made to rejuvenate and revitalize the organization, such as inviting middle echelon corporate managers and government officials still in their early 40s to speak at informal monthly meetings. However, Doyukai has yet to escape its post-Kikawada doldrums. Great interest is focused on how Nissan Motor Co. president (chairman as of June) Takashi Ishihara, who took over as chairman of Keizai Doyukai on April 26, will steer the organization.

The Japanese economy continues its smooth expansion. At the same time, however, it is saddled with serious problems. Trade imbalances with foreign countries have touched off international friction and are, with the fiscal deficit, the Achilles' heel of Japan. Drastic reform of the economic structure is essential to increasing domestic demand, and for that it will be necessary to conduct surgery not only on economic policy measures, but on time-honored practices in business management, the financial and banking systems, and many other fields. The future of Keizai Doyukai, child of postwar crisis and chaos, hinges on the vigor with which it and its leadership grapple with these problems. ●

Keizai Doyukai Organizational Data

(as of March 1985)

Address:	4-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100
	Telephone: 03-211-1271
Establishment:	April 1946
Membership:	1,044
	Regular members 1,030
	Special members 14
Number of main officers:	Chairman 1
	Vice chairmen 7
	Managing Director 1
	Board of Trustees members 262
Secretariat staff:	32
Annual budget:	¥330 million (fiscal 1984)

In April 1961, Doyukai established a cooperative relationship with CED (Committee for Economic Development), a leading U.S. economic organization. Subsequently, through the good offices of CED, Doyukai linked up with CEDA (Committee for Economic Development of Australia), CEPES (Europäische Vereinigung für Wirtschaftlich und Soziale Entwicklung), IDEP (Institut de l'Entreprise), PSI (Policy Studies Institute), SNS (Studieförbundet Näringsliv och Samhälle), CE (Circulo de Empresarios) and many others. Doyukai holds joint conferences with these organizations and frequently ex-