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An Eye to the Pacific

Noboru Goto, 67-year-old leader of the Tokyu Group and one of the leading businessmen of his generation, recently took over the presidency of the Japan Chamber of Commerce and Industry and the Tokyo Chamber of Commerce and Industry. He had served as deputy president of both chambers since 1973 under the former president, the late Shigeo Nagano.

The Tokyu Group, founded by his father, the late Keita Goto, has grown into one of the biggest concerns in Japan under the strong leadership of Goto Jr., operating railways, conducting various distribution businesses and engaging in land and housing development.

Nobuyoshi Namiki, director of the Japan Economic Research Center, interviewed Mr. Goto to ask about his plans for the future activities of the chambers.

Question: *The Journal of Japanese Trade & Industry extends to you its congratulations on your becoming president of both the Japan Chamber of Commerce and Industry and the Tokyo Chamber of Commerce and Industry and would be happy if you would use our pages to send a message to our overseas readers.*

GOTO: As you know, my predecessor, the late Mr. Shigeo Nagano, built a solid foundation for the two organizations which I now head. Basically, I believe the two chambers should follow steadily and surely the policy line he established.

Of the 17 committees of the Japan Chamber of Commerce and Industry (JCCI), I intend to take personal charge of three and leave the other 14 under the command of our vice-presidents and other officers. The three committees I shall manage are all concerned with international affairs. They are the committee related to the Pacific Basin Economic Council, the Asian Federation of Chambers of Commerce and Industry, and the ASEAN-Japan Economic Council. Asia and the Pacific region have become the center of interna-

Interview with Noboru Goto, president of the Japan Chamber of Commerce and Industry by Nobuyoshi Namiki



Noboru Goto

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tional economic activity today. I wish to participate actively in the multinational committees and conferences relating to this region.

The emphasis in United States international relations is gradually shifting from the Atlantic to the Pacific region. If my memory is correct, it was in the first half of the 1970s that America's trans-Pacific trade exceeded its trans-Atlantic trade for the first time. Since its inception, the Reagan Administration has been very interested in the Pacific. As America's economic relations with the region deepened, Mr. Reagan set up the post of ambassador-at-large responsible for long-term U.S. strategy toward the Pacific Basin in the Executive Office of the President and appointed Mr. Richard Fairbanks to the post.

I wish also to promote closer relations with Europe and the Soviet bloc and to step up the exchange of information with them, although these regions today seem no match for Asia and the Pacific in terms of economic vitality.

Q: *What would you emphasize in economic interchange with Asia and the Pacific region?*

GOTO: I have great expectations for the activities of the Pacific Basin Economic Council (PBEC). PBEC was established in 1967. Its purpose is to improve the business environment, strengthen business management systems, create new business opportunities, and forge new business relations, as well as to expand trade and investment in the Pacific region. The PBEC performs two basic functions. First, it serves as a forum for businessmen of this region, and second, it makes recommendations to the governments and international organizations concerned.

At the 12th general meeting of PBEC held in Los Angeles in 1979, I proposed a discussion of the Pacific Economic Community (PEC) concept. This would be, so to speak, the Pacific version of the European Community (EC). Although the concept itself is not new, this was the first time that it was discussed in a multinational committee set up specially for that purpose. The aim of the PEC concept is the vigorous promotion of trade and investment activities in the Pacific region through mutual cooperation on the basis of a firm vision of the course of the region's development in the years leading up to the 21st century.

The countries of this region are economically diverse: there are industrialized, newly industrializing and developing countries, as well as resource-rich and resource-poor countries. I think it will be wonderful, not only for the region itself but also for the entire world, if such diverse countries can sustain cooperative relations by helping meet one another's needs.

Q: *China could be a member of the Pacific Community, if it gradually liberalizes its economic system. Wouldn't this have great significance not only economically but also politically?*

GOTO: That's right. Culturally, the EC is homogeneous, but the Asia-Pacific region is heterogeneous. This fact poses a big problem for collaboration among the countries of the region. Therefore, it would be wise to start with the economic aspects first and then tackle the problem of culture, patiently and from a long-range perspective.

Q: *Turning to domestic problems, the JCCI and the Tokyo Chamber of Commerce and Indus-*

try, like other economic organizations, frequently request the government to take measures to stimulate business. But there appears to have been a slight change in the tone of such requests these days, because of their understanding of the government's difficult financial position. It seems the business world has espoused the philosophy of patiently enduring while the government struggles with administrative reform and the rehabilitation of the deficit-ridden national finances. What is your view of this?

GOTO: At a time when it has to rehabilitate its finances, it will be difficult for the government to adopt macro proposals for stimulating business. Macro-level proposals, therefore, probably will not get much response at the present time. The JCCI has always devoted its efforts to more specific issues. For instance, we have been coordinating the interests of retailers and supermarkets in the application of the Law Concerning the Adjustment of Retail Business Operations in Large-Scale Retail Stores. We will continue to undertake this kind of work. We will lend a willing ear to the opinions of regional business people and organizations. Up to now, the views of small and medium-sized enterprises and the tertiary industry in regional areas have not been given the attention they deserve.

Q: *Speaking of small and medium-sized enterprises and tertiary industry, I think one of the biggest problems they face in the near future is how to adapt to the increasing importance of the service sector. May I ask your opinion on this point?*

GOTO: I think small and medium-sized firms in Japan are generally very good at adjusting to change. About a quarter of a century ago, a top economist argued that the dual structure of the Japanese economy—the mix of modern big enterprises and backward small and medium-sized firms—was a serious structural defect. The public accepted his opinion. Today, however, the evaluation of smaller businesses has changed completely. Experts now say the existence of highly flexible smaller businesses with great adaptability is the source of Japan's economic vitality.

This is because during the high economic growth period after World War II, the small and medium-sized enterprises rapidly emerged from their backwardness. Today, they complement the big corporations in a way which exactly matches the requirements of a highly modern and developed economy. Moreover, the fact that Japan has a relatively large number of smaller enterprises in comparison with European countries and the U.S. means that the Japanese economy is more responsive to changes in the environment. The scale of Japan's big corporations, too, is smaller than that of their European and American counterparts in terms of the number of employees. This fact makes Japan better able to respond to the mechatronics age.

Q: *What do you think about the effect of the coming information era on smaller businesses?*

GOTO: The Public Relations Committee of the Tokyo Chamber of Commerce and Industry, which is headed by Mr. Hideharu Tamaru, president of Dentsu Inc., recently conducted a fact-finding survey of smaller businesses concerning

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this subject. Although 1983 was widely heralded as the first year of the "the Age of the New Media," it seems to me that we still do not have a total picture or a concrete outlook for this new era. According to the survey, quite a large number of people recognize the term "new media." More than 40% of the companies surveyed knew about LAN (local area network) and VAN (value-added network). However, only slightly less than 20% of the companies displayed any enthusiasm for using these new media in their business. But considering that 90% of the companies surveyed were small and medium-sized firms, even 20% could probably be regarded as representing a considerable degree of interest.

Q: *In what way can small businesses use CATV (cable television) and VAN in their operations?*

GOTO: I think such systems will not be adapted by smaller businesses on the basis of specific industries but on the basis of specific regions. If an industry wishes to employ CATV, it will have to build up a nationwide network because companies in any given industry are scattered throughout the country. This will take time and money. In ordinary cases, the CATV networks used by smaller business will be limited to certain districts, such as Roppongi or Shibuya in Tokyo and so forth.

Q: *It seems to me that you are referring to the information era in the limited sense of the word. In this sense, it refers to old media, such as printing, publishing, TV, broadcasting and education. But the information era in the broader sense refers to industries other than just these information-oriented fields. For instance, it refers to automating the clerical work of the general affairs, personnel, research, planning, and development divisions of a mammoth company such as Nippon Steel Corporation, whose clerical operations have been automated through the use of a LAN that links personal computers in each division to the central computer in the head office. These divisions are called secondary information divisions. According to a recent study, the secondary information divisions play a vital role in improving a company's international competitive edge.*

GOTO: That's M. Porat's theory, isn't it? But the Chamber of Commerce and Industry is not a research institute—we do not go in for theory. As far as the practical aspects of information are concerned, we think in terms of increasing the degree of processing of the products of smaller enterprises and of giving them higher value-added. For this, we promote the upgrading and sophistication of technology. This needs no explanation. In this respect, the Smaller Businesses Promotion Division of the Tokyo Chamber of Commerce and Industry is now conducting a study on the development of technology by smaller businesses. We are looking at the extent of their interest in high technology, and the current state of technology interchange. The results of this study will be made available and, I am sure, they will be used as basic data for corporate policy decision-making. But it is up to the companies themselves to choose the direction in which they want to go. The Chamber of Commerce and Industry will simply provide data and information which might be helpful to them in making their choice. The proprietors of

smaller businesses are industrious and studious. I am sure they will be able to successfully meet any new challenge.

Q: *As rapid progress continues in factory automation (FA) and office automation (OA), some factory workers will probably lose their jobs and employment opportunities for clerical workers will shrink. The Japanese economy may eventually face a difficult time. What are your feelings about this?*

GOTO: I don't think one needs to be so pessimistic. The world is full of possibilities, good and bad. It may be difficult to recognize new possibilities, but I don't think we should reject mechatronics on the assumption that it might bring on unemployment. It is just one of the possibilities.

Q: *If we assume that mechatronics will reduce job opportunities, wouldn't it be wise to take appropriate steps, such as adopting the work-sharing system?*

GOTO: On that premise, it might be necessary to think of promoting work-sharing. However, small and medium-sized enterprises—which are exposed to the threat of increasing competition from the Republic of Korea, Taiwan and others—will not be able to adopt this formula so easily. At best, they will only be able to shorten the work week by two hours.

If mechatronics should bring on unemployment in Japan, it will cause similar problems in European countries and America to a greater or lesser degree. It will become increasingly necessary to use the Pacific Basin Economic Council and the Pacific Economic Community to work out countermeasures.

Q: *If the problem of "mechatronics unemployment" can be resolved successfully through work-sharing and other means, Japan will really enter an age of leisure. During the high economic growth period, the Japanese people looked forward to the coming of a leisure age, but their hopes were dashed by the oil crisis of 1973. It seems that this time the dream might actually materialize. How will this affect Japanese society?*

GOTO: How the people spend their leisure time will deeply affect how society itself fares. A survey conducted by the Prime Minister's Office has revealed that up to 90% of the Japanese people think they belong to the middle-class. In a sense, this means that Japanese society is very stable. The Japanese middle-class must use its leisure time wisely, and I think it seems to be doing just that. The increasing number of housewives studying at community colleges and cultural centers is a good indication of this. The business community wishes to approach the leisure problem from this standpoint of stimulating people to use their spare time for educational and cultural enhancement.

At present, industry is still in the process of adjusting itself to the far-reaching effects of the oil crisis. This is evident when we look at the situation in the steel, oil refining and paper/pulp industries. Industry is not now in a position to grapple with the long-range problems of leisure. However, I think the time is approaching when the Chamber of Commerce and Industry should address leisure and cultural issues which are basic to the life of modern man. ●

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