

Overcoming Labor Shortages: Prospects for Sustainable Economic Growth

*Speech at the Meeting of Councillors of
Nippon Keidanren (Japan Business Federation) in Tokyo*

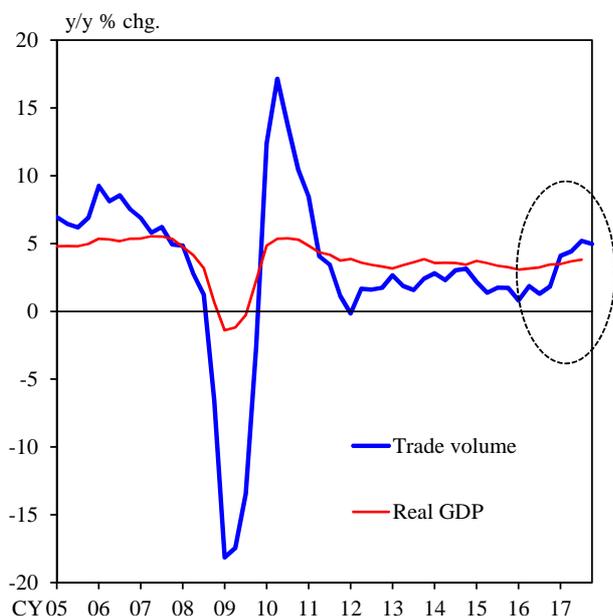
December 26, 2017

Haruhiko Kuroda
Governor of the Bank of Japan

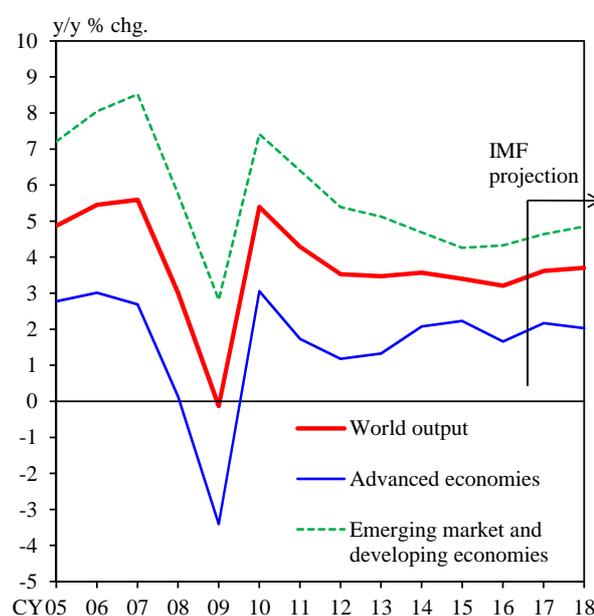
Chart 1

Global Economy

*World Trade Volume and
Real GDP of the Global Economy*



Projections for Global Real GDP Growth



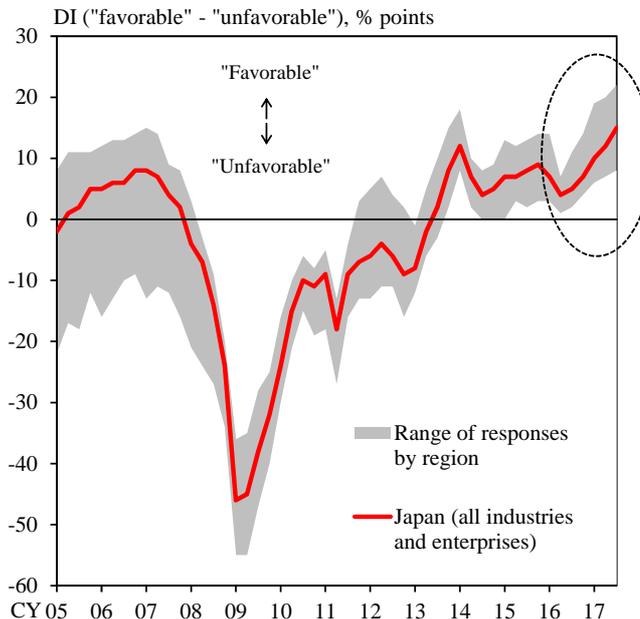
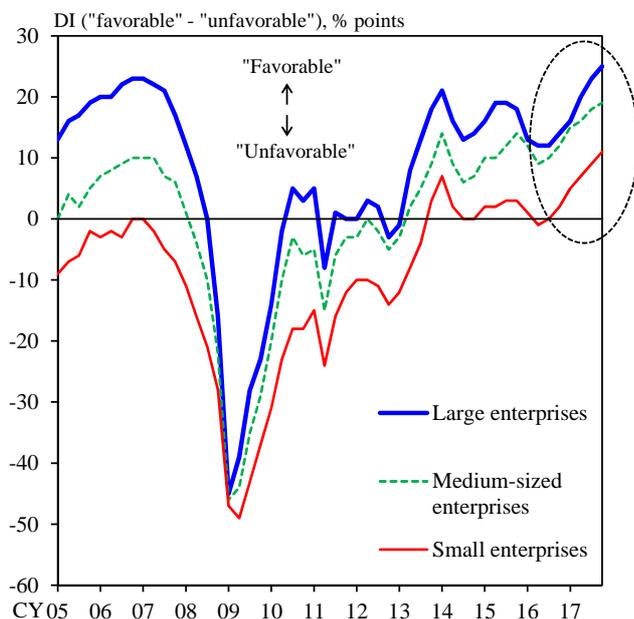
Notes: 1. Figures for the trade volume are those for real imports. The figure for 2017/Q4 is that for October.

2. Real GDP of the world economy in the left chart is based on BOJ staff calculations using PPP-adjusted GDP shares of world total GDP from the IMF as weights.
Sources: CPB Netherlands Bureau for Economic Policy Analysis; IMF, etc.

Business Conditions DI (*Tankan*)

By Firm Size

By Region



Source: Bank of Japan.

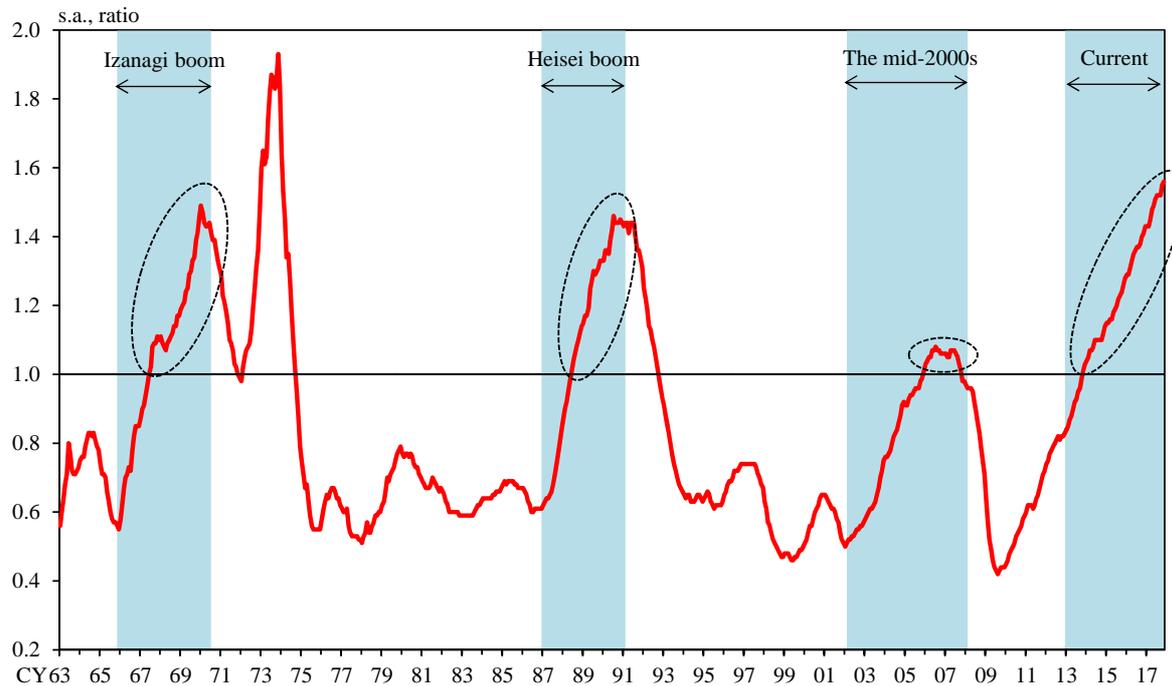
Duration of Economic Recovery Period

Rank	Period	Duration
1	February 2002-February 2008	73 months
2	December 2012-(Current)	60 months
3	November 1965-July 1970 (Izanagi boom)	57 months
4	December 1986-February 1991 (Heisei boom)	51 months
5	November 1993-May 1997	43 months

Note: Economic peaks and troughs are judged based on discussions by experts after waiting for data accumulation. The current recovery phase, which started in December 2012, seems to have lasted for 60 consecutive months by November 2017.
Sources: Cabinet Office, etc.

Labor Market Conditions

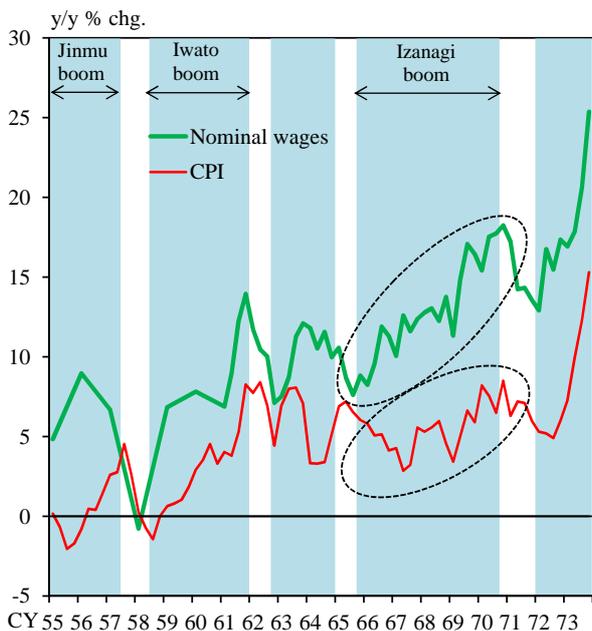
Active Job Openings-to-Applicants Ratio



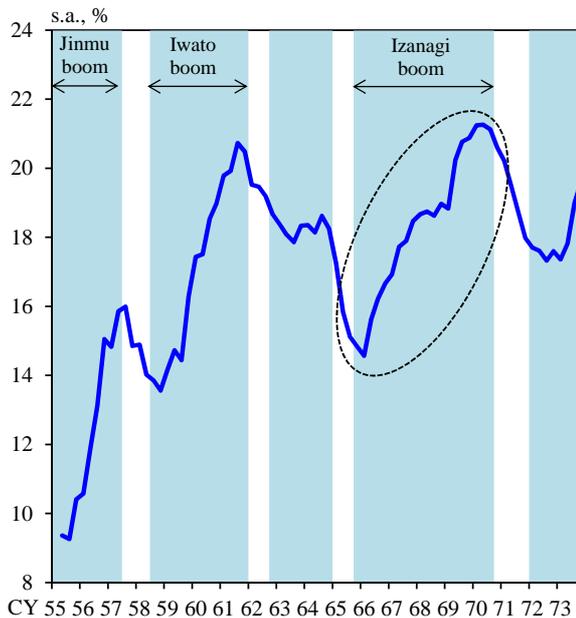
Source: Ministry of Health, Labour and Welfare.

Izanagi Boom

Wages and Prices



Investment-GDP Ratio (Nominal)



Notes: 1. Shaded areas indicate economic expansion periods.

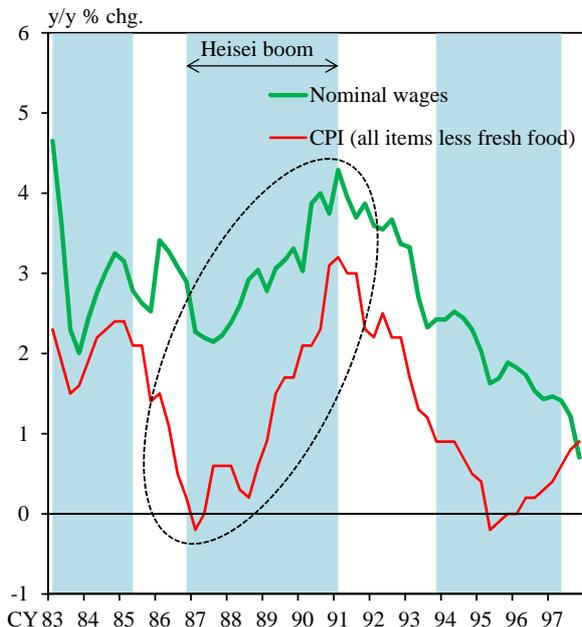
2. The CPI figures up to 1970 are the CPI for all items less imputed house rent and those from 1971 are that for all items less fresh food.

3. Figures for nominal wages are total cash earnings (establishments with 30 or more employees) based on quarterly data (up to 1960: annual data). Excluding "services" up to 1970.

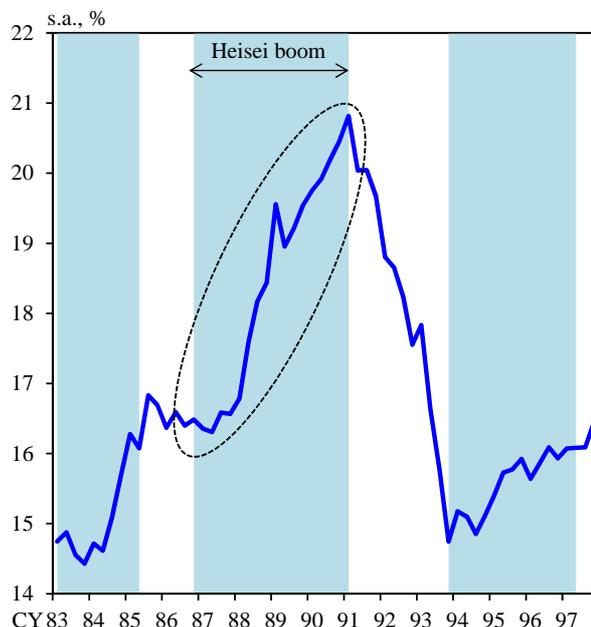
Sources: Ministry of Health, Labour and Welfare; Ministry of Internal Affairs and Communications; Cabinet Office, etc.

Heisei Boom

Wages and Prices



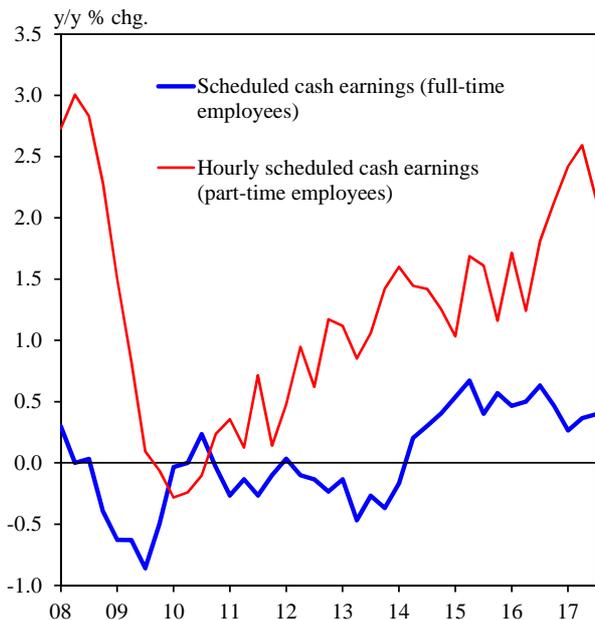
Investment-GDP Ratio (Nominal)



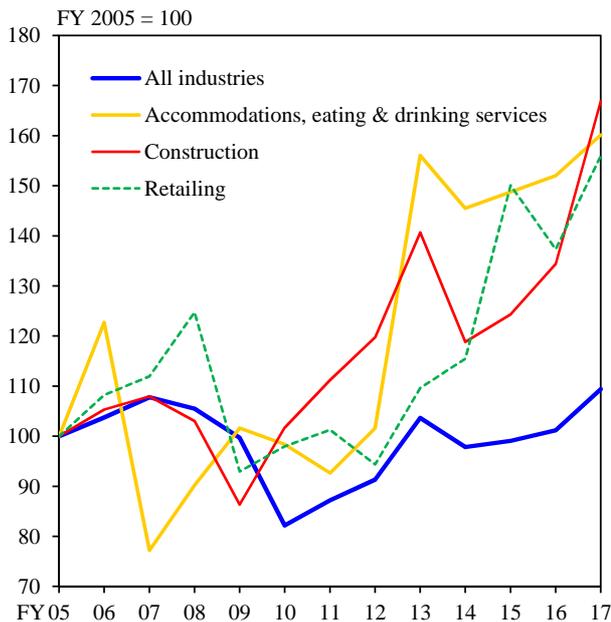
Notes: 1. Shaded areas indicate economic expansion periods.
 2. The CPI figures are adjusted for changes in the consumption tax rate.
 3. Figures for nominal wages are scheduled cash earnings (establishments with 30 or more employees).
 Sources: Ministry of Health, Labour and Welfare; Ministry of Internal Affairs and Communications; Cabinet Office, etc.

Current Recovery Phase

Nominal Wages



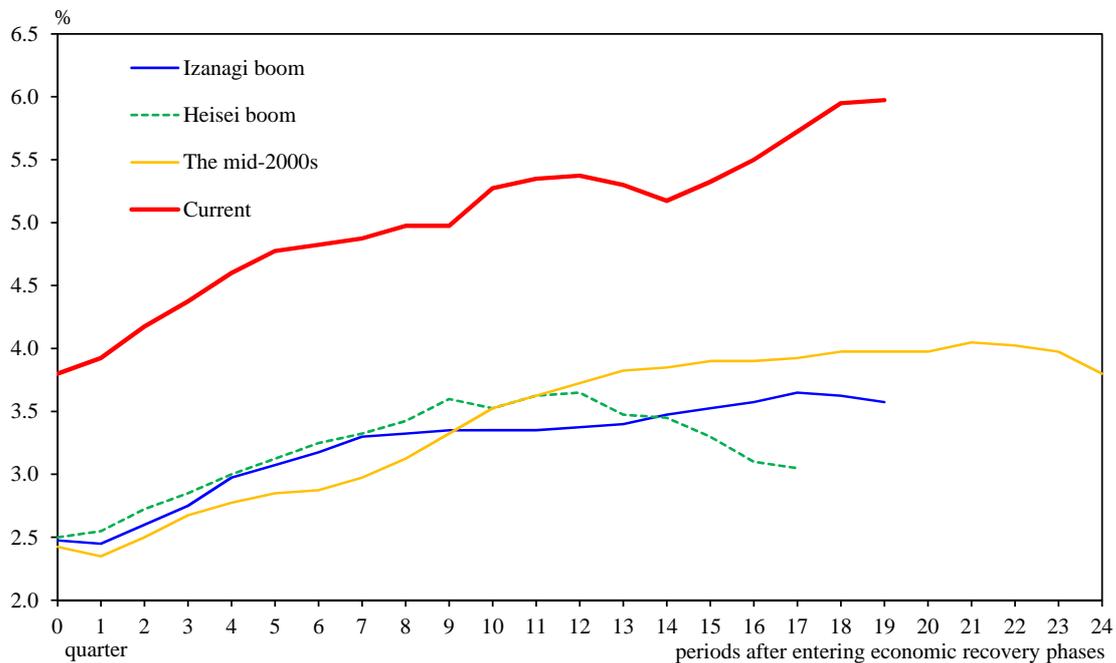
Software Investment (Tankan)



Notes: 1. Nominal wages: Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. The figure for 2017/Q3 is the September-October average.
 2. Figures for the software investment plans for fiscal 2017 are forecasts from the December 2017 Tankan survey.
 Sources: Ministry of Health, Labour and Welfare; Bank of Japan.

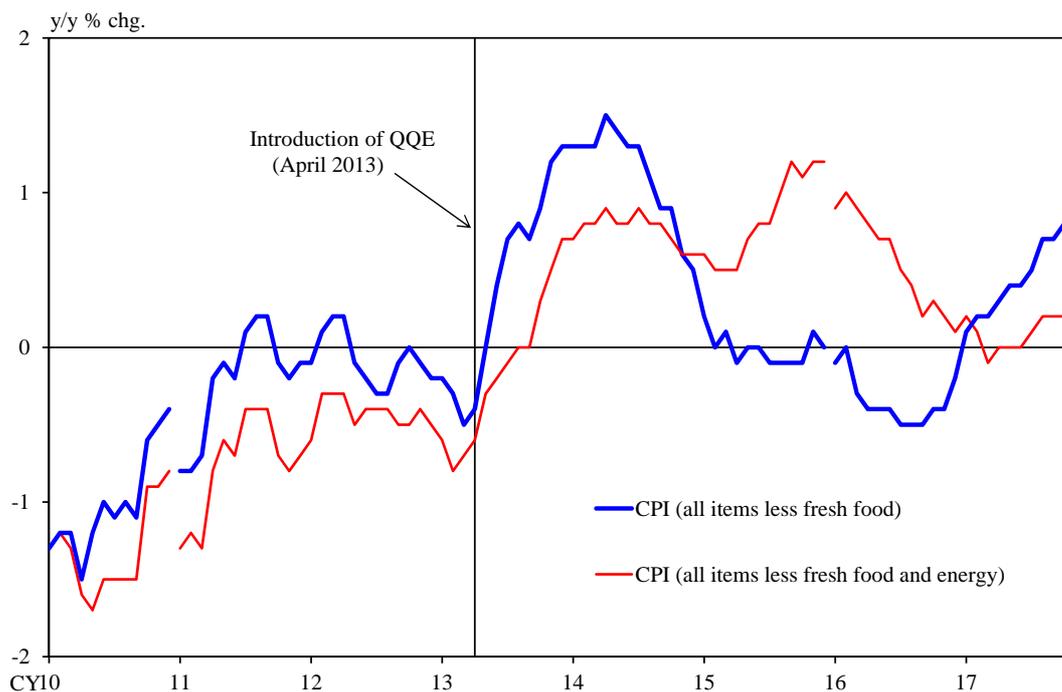
Corporate Profits

Ratio of Current Profits to Sales



Note: Based on the *Financial Statements Statistics of Corporations by Industry, Quarterly*. Excluding "finance and insurance." Figures show 4-quarter backward moving averages. Source: Ministry of Finance.

Consumer Prices



Note: Figures are adjusted for changes in the consumption tax rate. Source: Ministry of Internal Affairs and Communications.