

Provisional translation by Cabinet Office

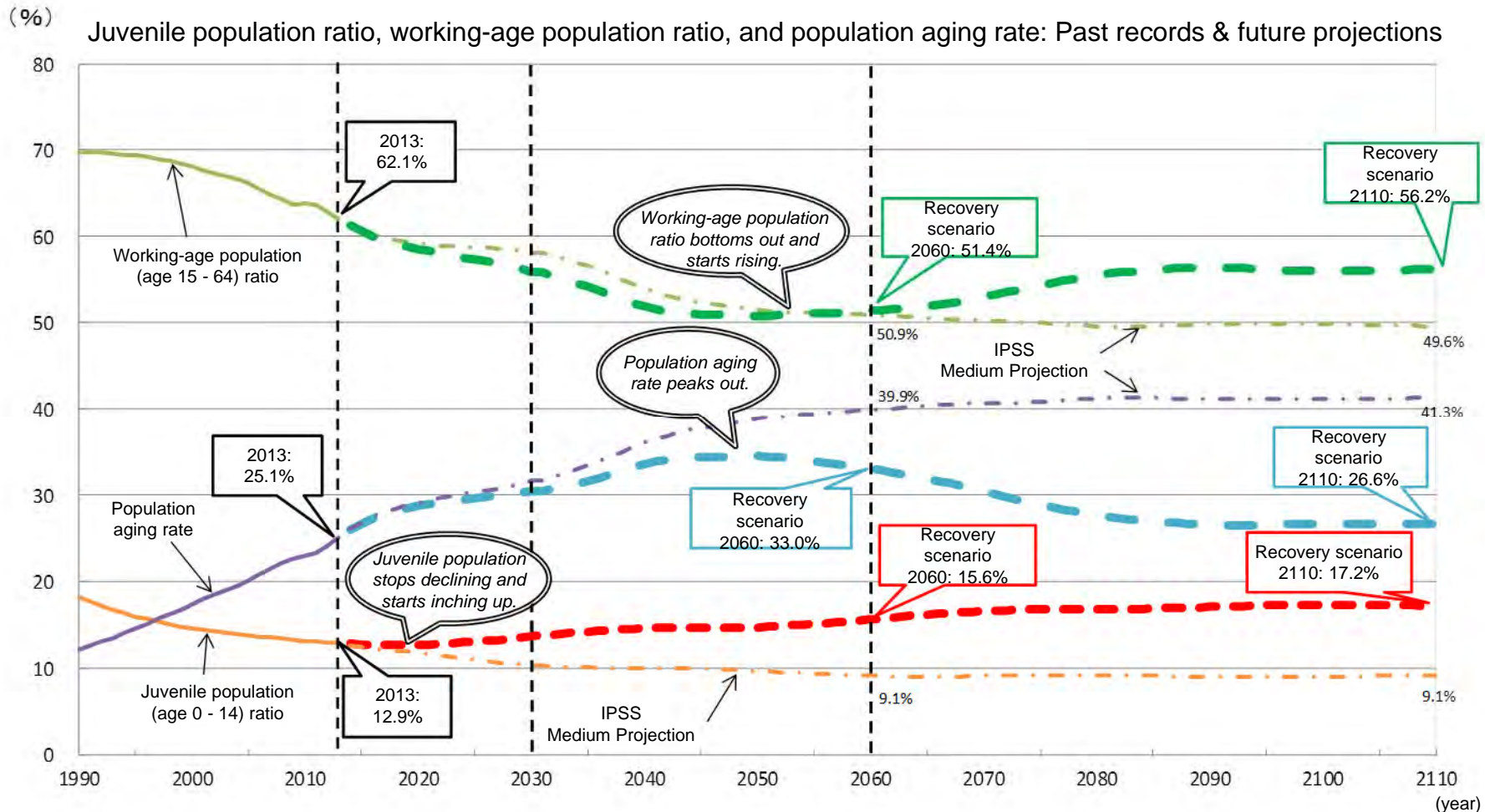
# Choice for the Future <Reference Materials>

November 14, 2014

Cabinet Office

# 1. Juvenile population ratio, working-age population ratio, and population aging rate: Future projection

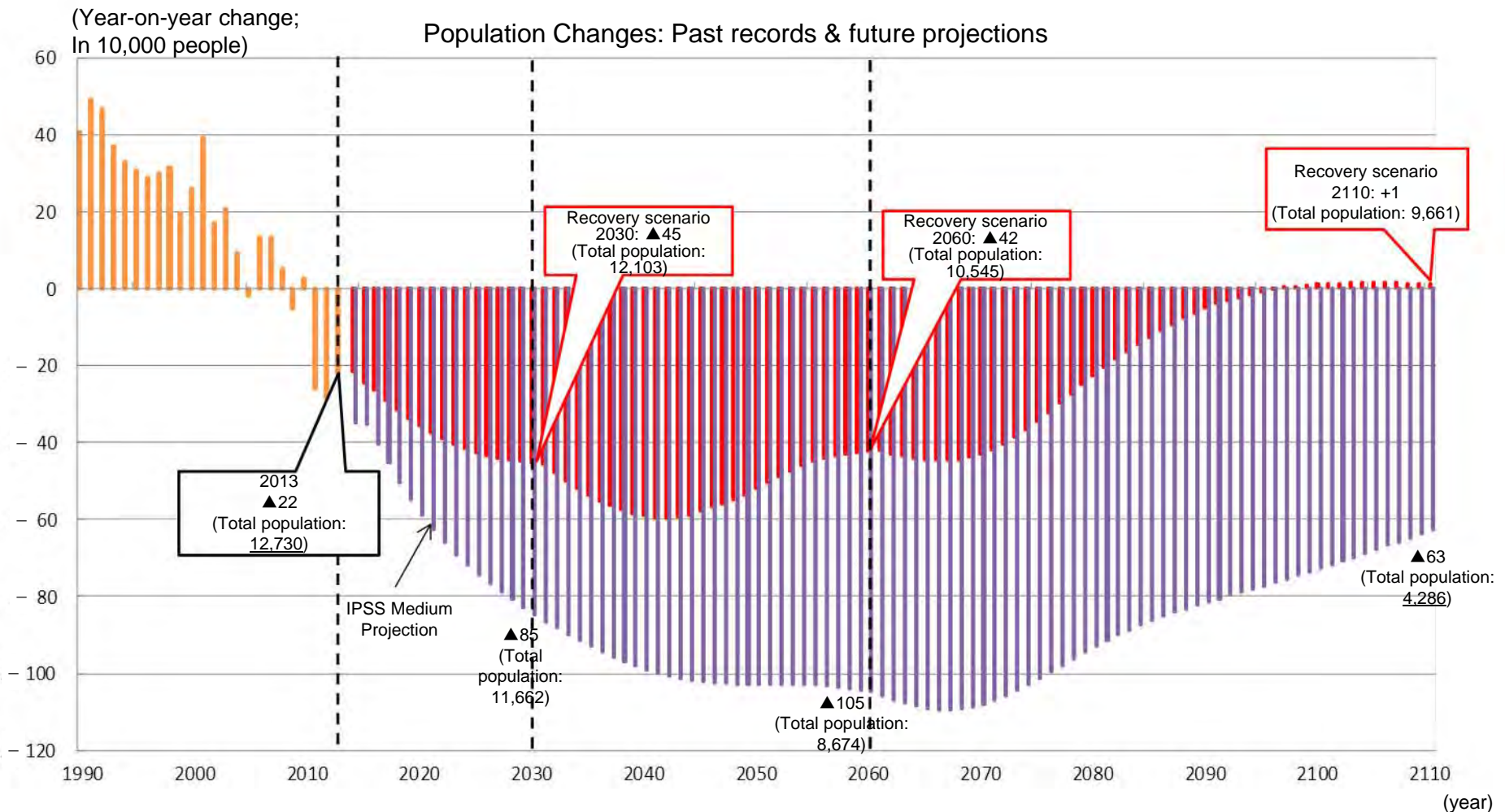
- With the current state of things going unchanged, the juvenile population ratio will fall to around 9 percent in 2060, while the population aging rate will rise to around 40 percent.
- With the total fertility rate recovering to 2.07 by 2030, (1) the juvenile population will stop declining in the early 2020s, (2) the population aging rate will peak out in the late 2040s, and (3) the working-age population ratio will start picking up in the early 2050s.



- (Notes)
- Past records between 1990 and 2013 are adapted from MIAC "Population Census Report" and "Annual Report on Current Population Estimates" and MHLW "Vital Statistics."
  - IPSS Medium Projection is adapted from the National Institute of Population and Social Security Research "Population Projection for Japan (January 2012)." The total fertility rate goes around 1.39 by 2014, before falling to 1.33 by 2024, and then going around 1.35.
  - The birth rate recovery scenario uses the populations by sex in 2013 as benchmarks, assuming the total fertility rate rises to 2.07 in 2030 and then stays around that level. The survival ratios for and after 2013 are based on the assumption for the IPSS Medium Projection that the average life span rises to 84.19 and 90.93 for men and women, respectively, by 2060.

## 2. Future Projection of Population Decreases

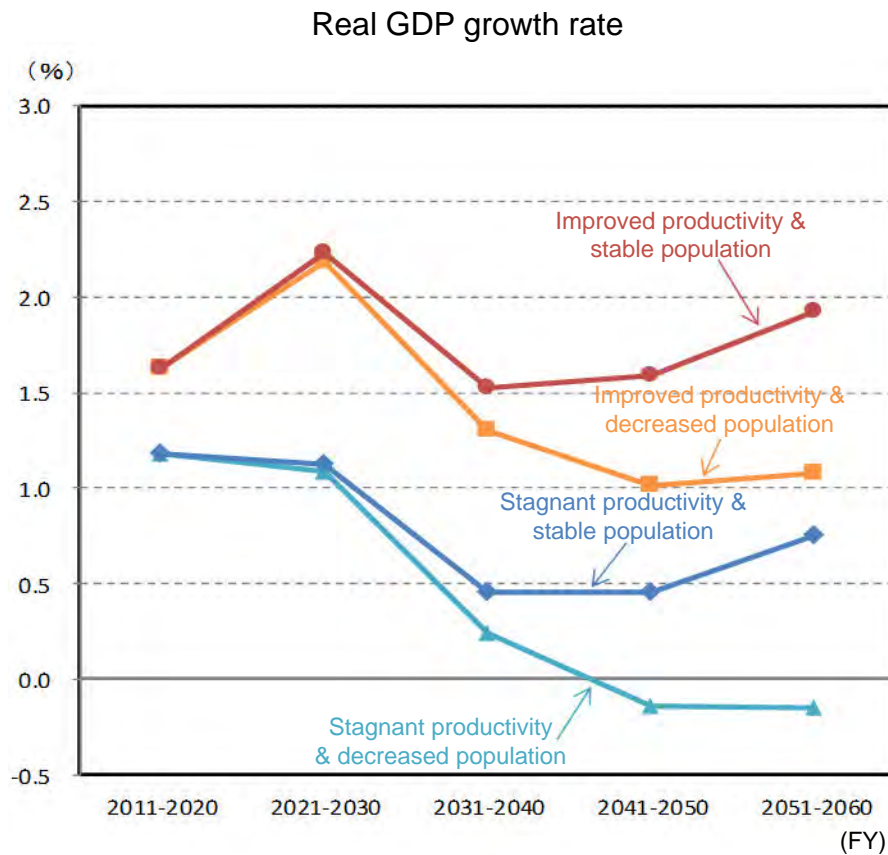
- With the current state of things going unchanged, population will decrease by 0.6 million per year in the early 2020s, and by 1.0 million per year around 2040.
- With the total fertility rate recovering to 2.07 by 2030, the population decrease will bottom out around 2040 at 0.6 million annually, before the pace of decrease slows down. In the 2090s, population will stop declining.



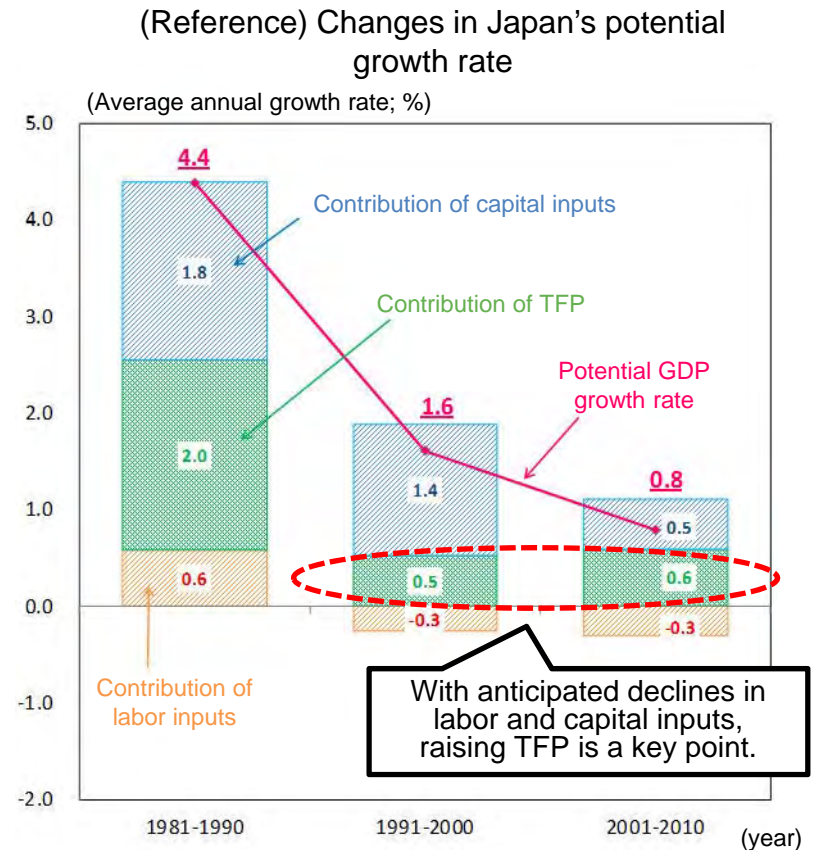
- (Notes) 1. Past records between 1990 and 2013 are adapted from MIAC "Population Census Report" and "Annual Report on Current Population Estimates" and MHLW "Vital Statistics."  
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### 3. Future projection of economic growth

- With success in stabilizing the population at 100 million and raising productivity to the highest level in the world, an additional two percentage points of economic growth (real GDP growth rate) are possible as compared with a scenario of decreased population and stagnant productivity.



(Note) Report of the Working Group on Growth and Development at the 13th meeting of the Committee for Japan's Future (November 14, 2014)



(Note) Adapted from reference figures on the Interim Report, "Choice for the Future," at the 7th meeting of the Committee for Japan's Future (May 13, 2014)

## 4. Future projections of the ratio of social security-related expenditure to nominal GDP, etc.

- With a stabilized population of about 100 million and enhanced productivity, steady improvement of living standards can be expected, such as real GDP per capita, which would reach almost the same level of the United States in the 2050s.
- In the scenario of a stabilized population size and improved productivity, the ratio of social security-related expenditure to nominal GDP shows gradual increases.

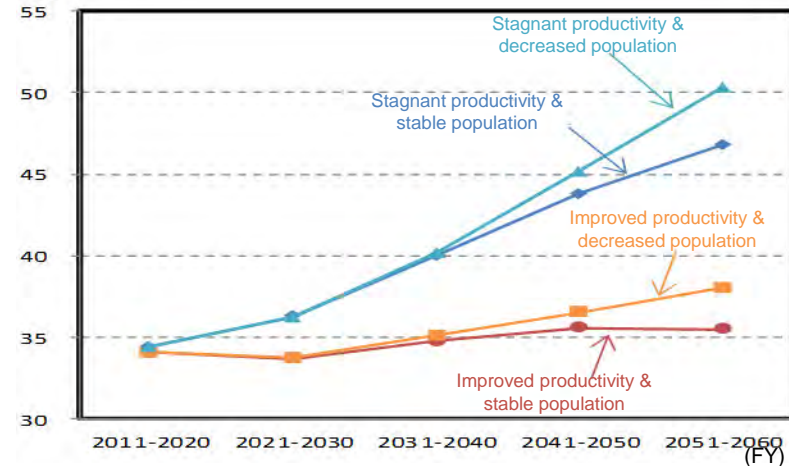
Real GDP per capita

(In 10,000 USD)

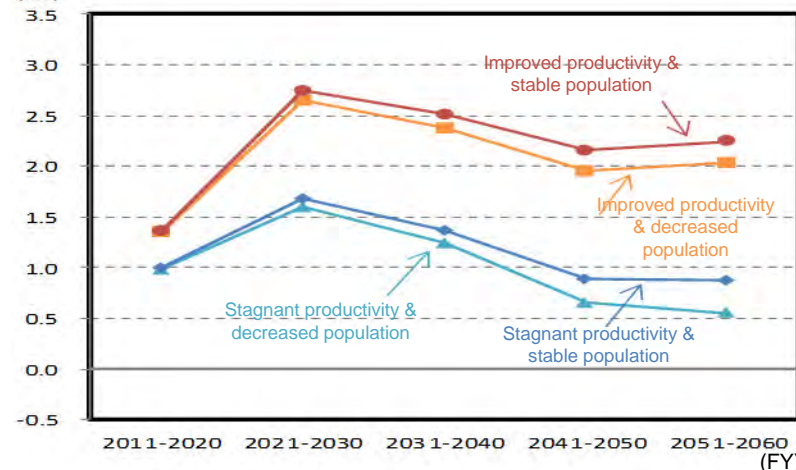
	2011-2020	2021-2030	2031-2040	2041-2050	2051-2060
USA	4.8	5.8	6.7	7.7	8.5
Japan (Improved productivity & stable population)	3.4	4.3	5.3	6.5	8.2
Japan (Stagnant productivity & decreased population)	3.3	3.9	4.5	5.0	5.4

(Notes) Future projections for USA are adapted from OECD (2014) "Economic Outlook." Conversion to USD is based on purchasing power parity as of 2005. Figures for Japan are fiscal year averages.

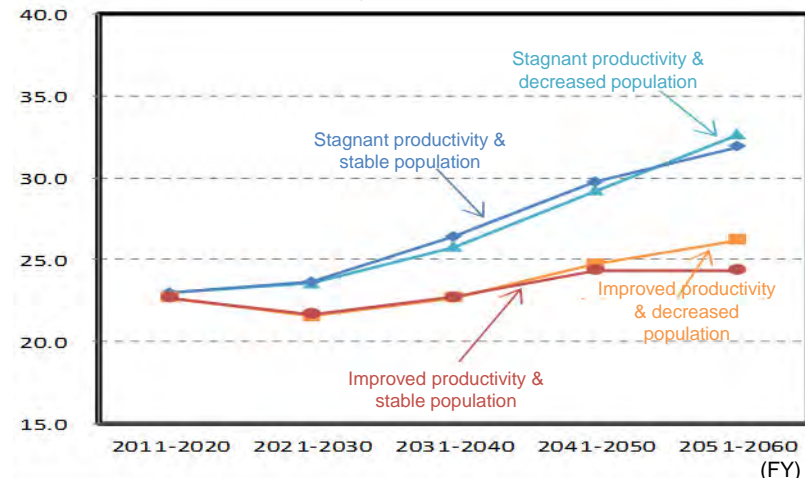
(%) Ratio of potential burden borne by households to support social security



(%) Growth of real consumption per household of working generations



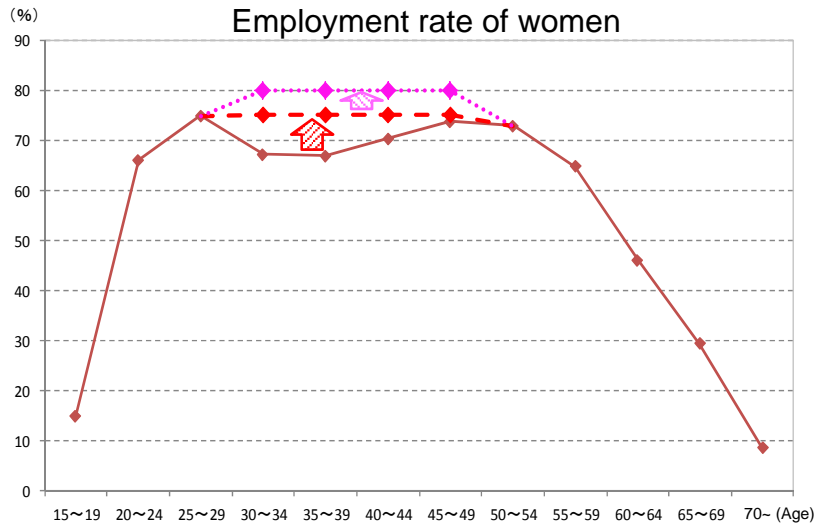
(%) Ratio of social security-related expenditure to nominal GDP



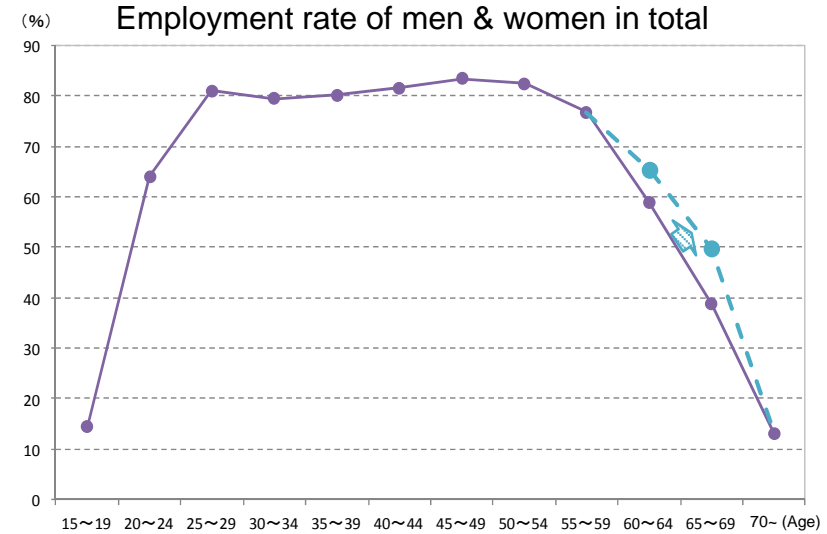
(Note) Report of the Working Group on Growth and Development at the 13th meeting of the Committee for Japan's Future (November 14, 2014)

# 5. Employment of women and elderly people

- In Japan, the employment rate of women forms an M-shaped curve, with a dip between their 30s and 40s. With success in eliminating the M-shaped curve, the employment rate of women in their 30s and 40s would rise around five percent (up 950,000 people). With a rise of the employment rate of those in their 30s and 40s to 80 percent, that of women in the age group goes up around 10 percent (up 1,810,000 people).
- When elderly people are allowed to work at any age, as long as they hope to, as part of effort to encourage them to have more active roles to play, the employment rate of those aged 65 and over would rise around three percent (up 960,000 people).

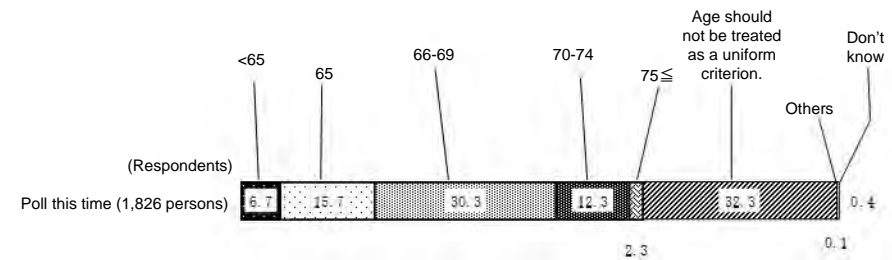


(Note) Adapted from MIAC "Labour Force Survey." The solid line represents figures for 2013.

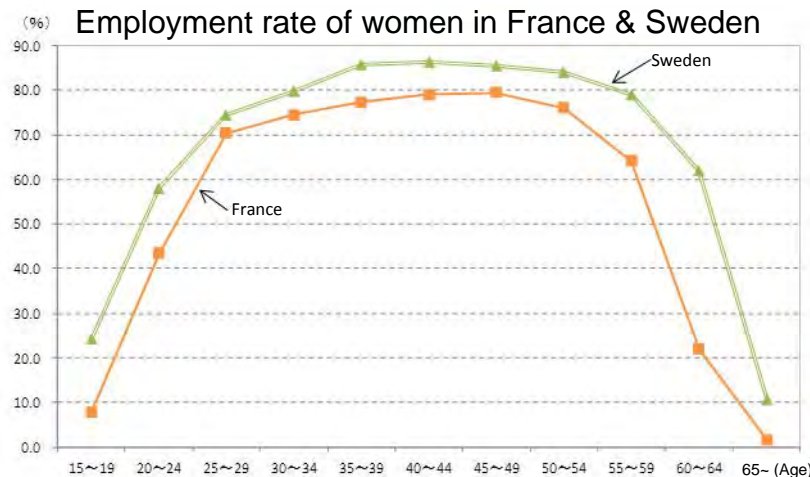


## Awareness of working age

- ◆ At the moment, the working-age, age groups of people assumed to be in some work, is generally set at the range from age 15 and less than 65. Until what age do you think people should desirably work?



(Note) Adapted from the Cabinet Office, "Opinion Poll on Future of Japan: Population, Economy, Society, Etc." (August 2014)

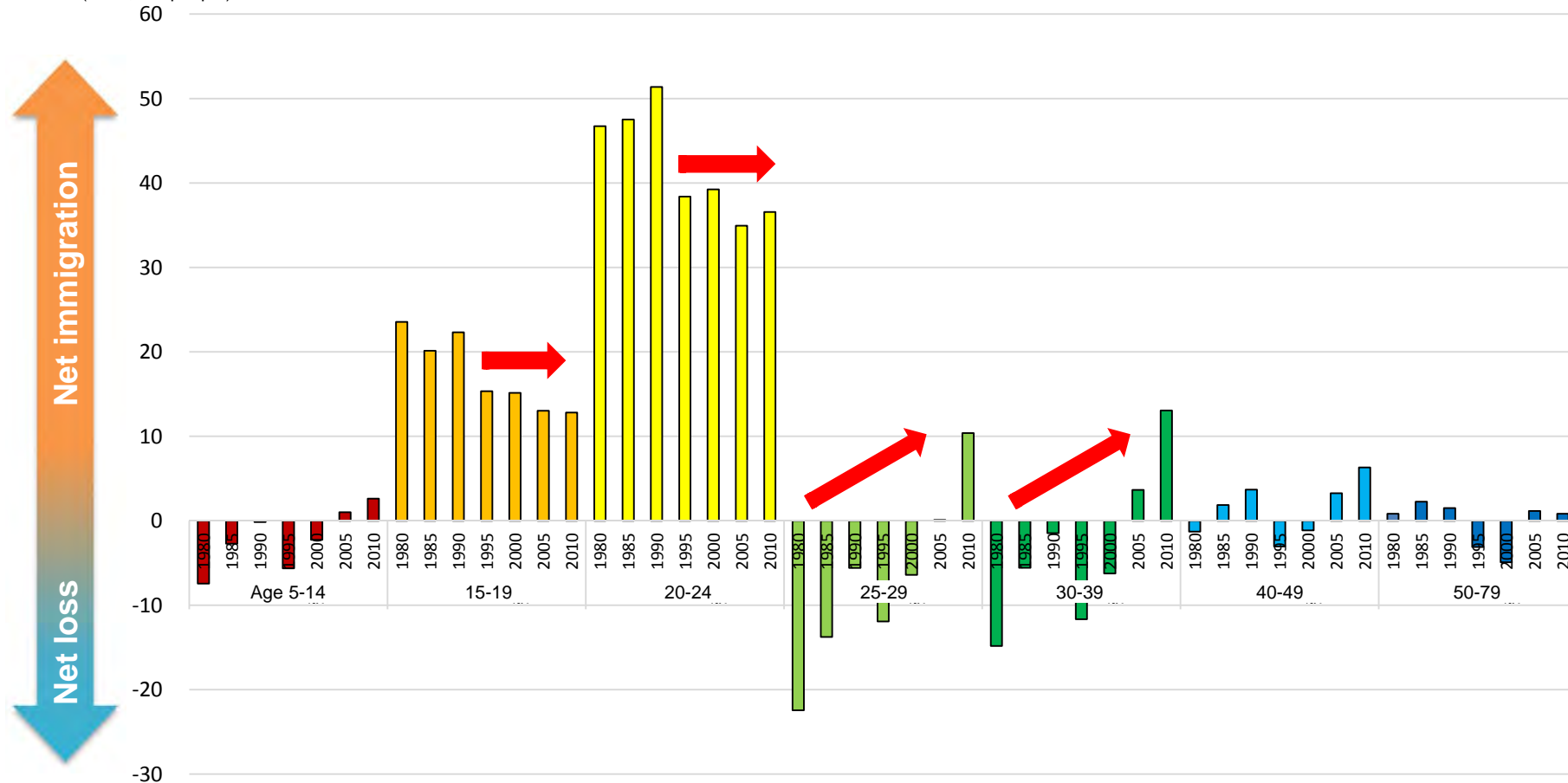


(Note) Adapted from OECD "Labour Force Statistics"

## 6. Changes in net immigration to, and net loss from, the Tokyo metropolitan area by age

- Net immigrations are especially large in the age group of 15 to 19, and that of 20 to 24 in the Tokyo metropolitan area. In the 1990s, net immigrations of the two groups showed slight declines, before leveling off.
- Among those in their late 20s and 30s, there have been net losses, while since the 2000s, there have been net immigrations.

(In 10,000 people)

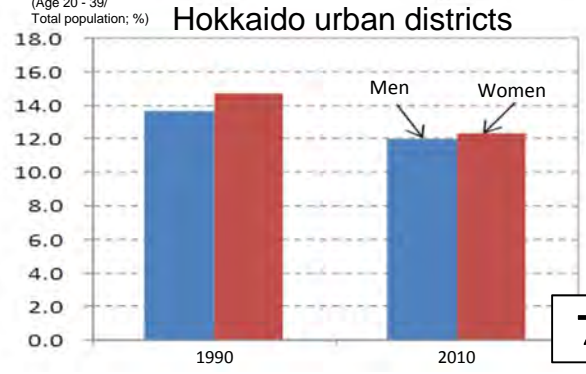
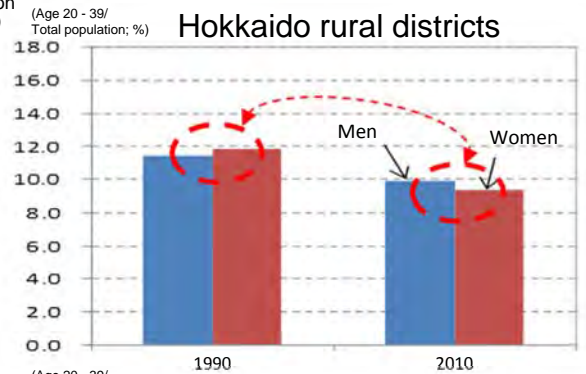
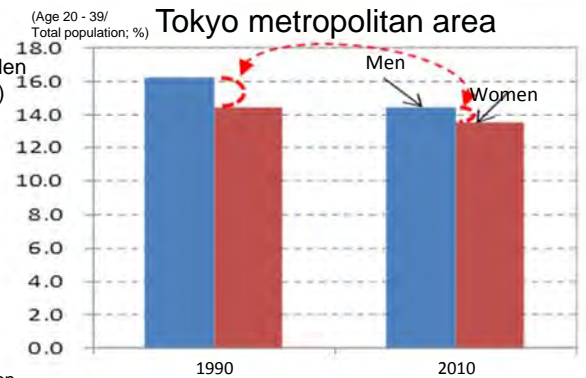
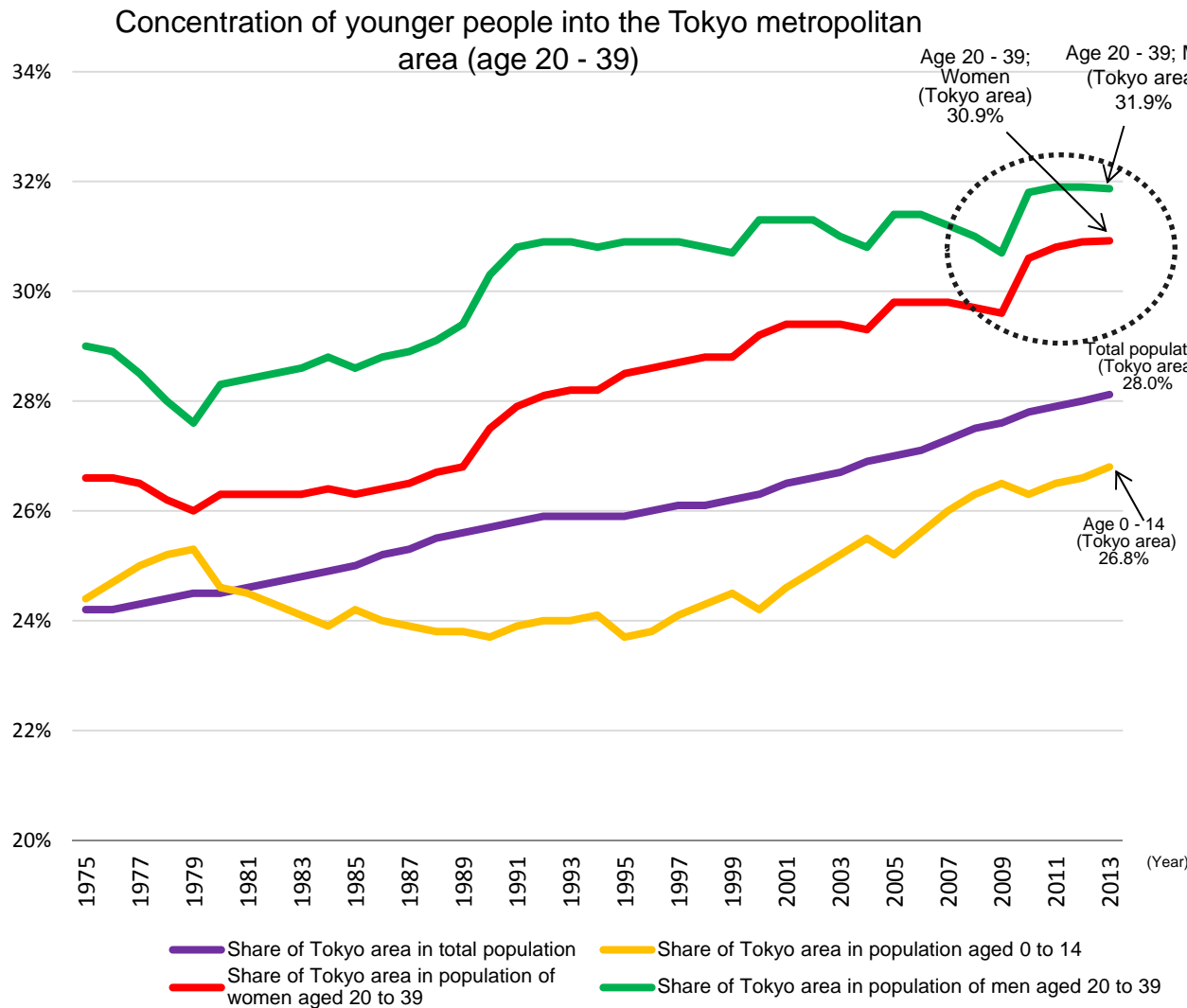


(Note) Net immigrations and net losses for each year are adapted from MIAC "Population Census Report." To calculate net immigration or net loss of a year, you first multiply the population in the year the preceding census was conducted by the survival rate to calculate expected population of the current year, which assumes no social mobility. Then you subtract it from the actual population from the current year's census.

(Note) Net immigration or net loss by age is estimated using the national census survival ratio method, which estimates survival ratio of an age based on population by age in the national census each year, on the assumption of a nationally uniform survival ratio for each age.

# 7. Net immigration to the Tokyo metropolitan area (changes by sex)

- Since the 1990s, net immigration to the Tokyo metropolitan area has been growing remarkably among women rather than among men.
- Taking Hokkaido as an example, the share of young women has shown a significant decline in the rural districts, suggesting that most of them bypassed the urban districts of the Prefecture, moving out directly to the Tokyo area.

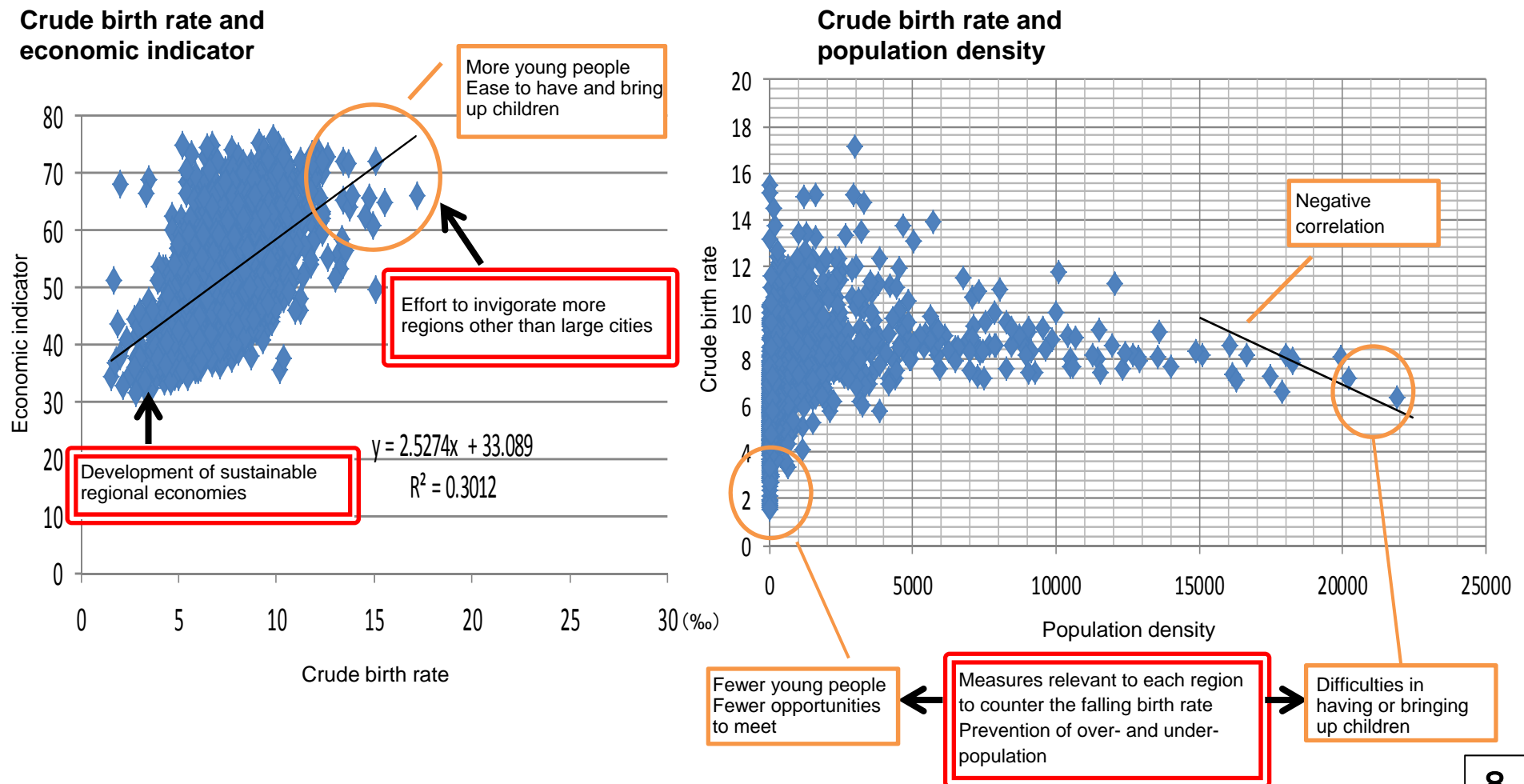


(Note) Adapted from MIAC "Population Census Report" and "Population Estimates."



## 8. Relationship between the birth rate and the sizes of economy and population

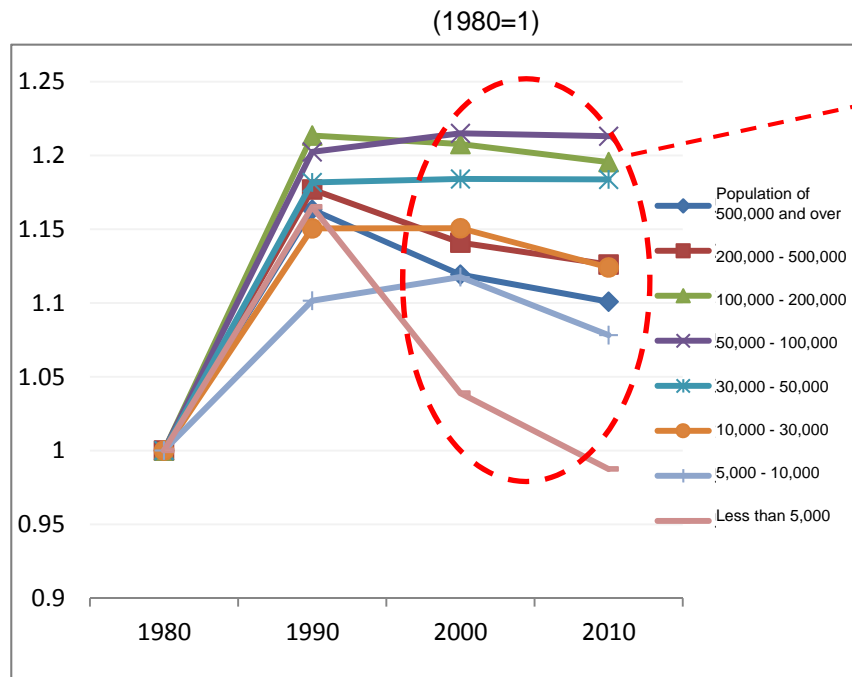
- ❑ The birthrate is correlated with economic indicators. In recent years, regions have seen growing differences in economic performance between them. Young people tend to move to places they can find a job, and have a family there.
- ❑ Challenges we should address to stem the rapid decline of population include (1) development of sustainable regional communities, (2) measures to counter the falling birth rate in a manner relevant to each region, and prevention of over- and under-population, and (3) efforts to invigorate more regions other than large cities.



# 9. Trend of the economic indicator by municipality

- ❑ Municipalities with a population of 50,000 to 100,000 have remained firm in economic indicator. Medium and large-scale cities, with populations of 200,000 to 500,000, and 500,000 or more, respectively, have been relatively weak.
- ❑ Small towns and villages, with populations of 10,000 or less, have been in tough economic conditions since 2000.

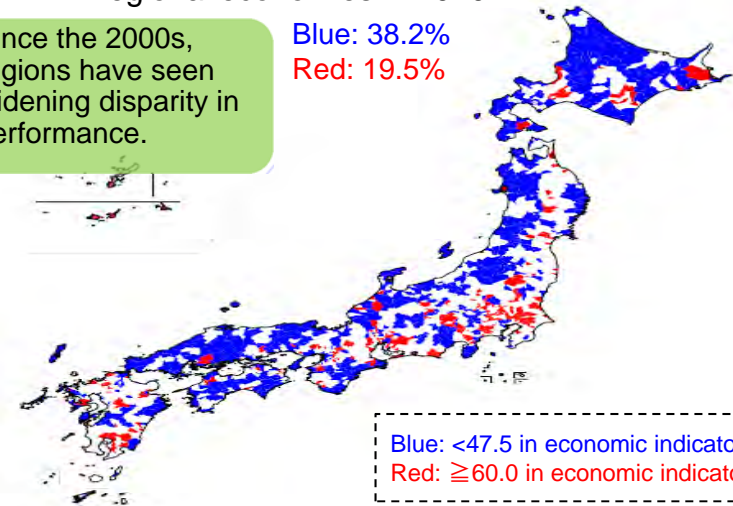
## ○ Changes in the average economic indicator by size of population



## ○ Regional economies in 2010

Since the 2000s, regions have seen widening disparity in performance.

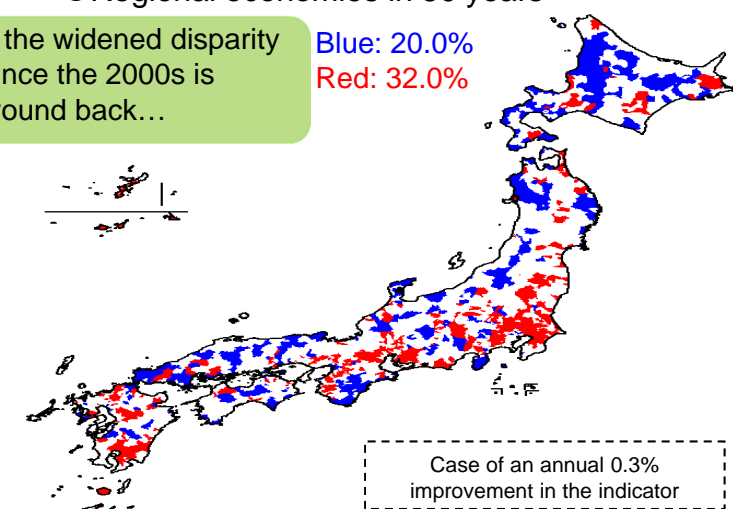
Blue: 38.2%  
Red: 19.5%



## ○ Regional economies in 50 years

If the widened disparity since the 2000s is wound back...

Blue: 20.0%  
Red: 32.0%



## ○ Growth of elements in the economic indicator (Figures for 2010, with 2000 set as benchmark (=100))

<Average of all municipalities>

	Industry	Retail	Commerce	Agriculture	Employees	Establishments	Income	Financial capability	Average
Indicator	93	96	106	91	99	94	84	114	-
Annual growth (%)	-0.7	-0.4	0.6	-0.9	-0.1	-0.6	-1.7	1.4	-0.3

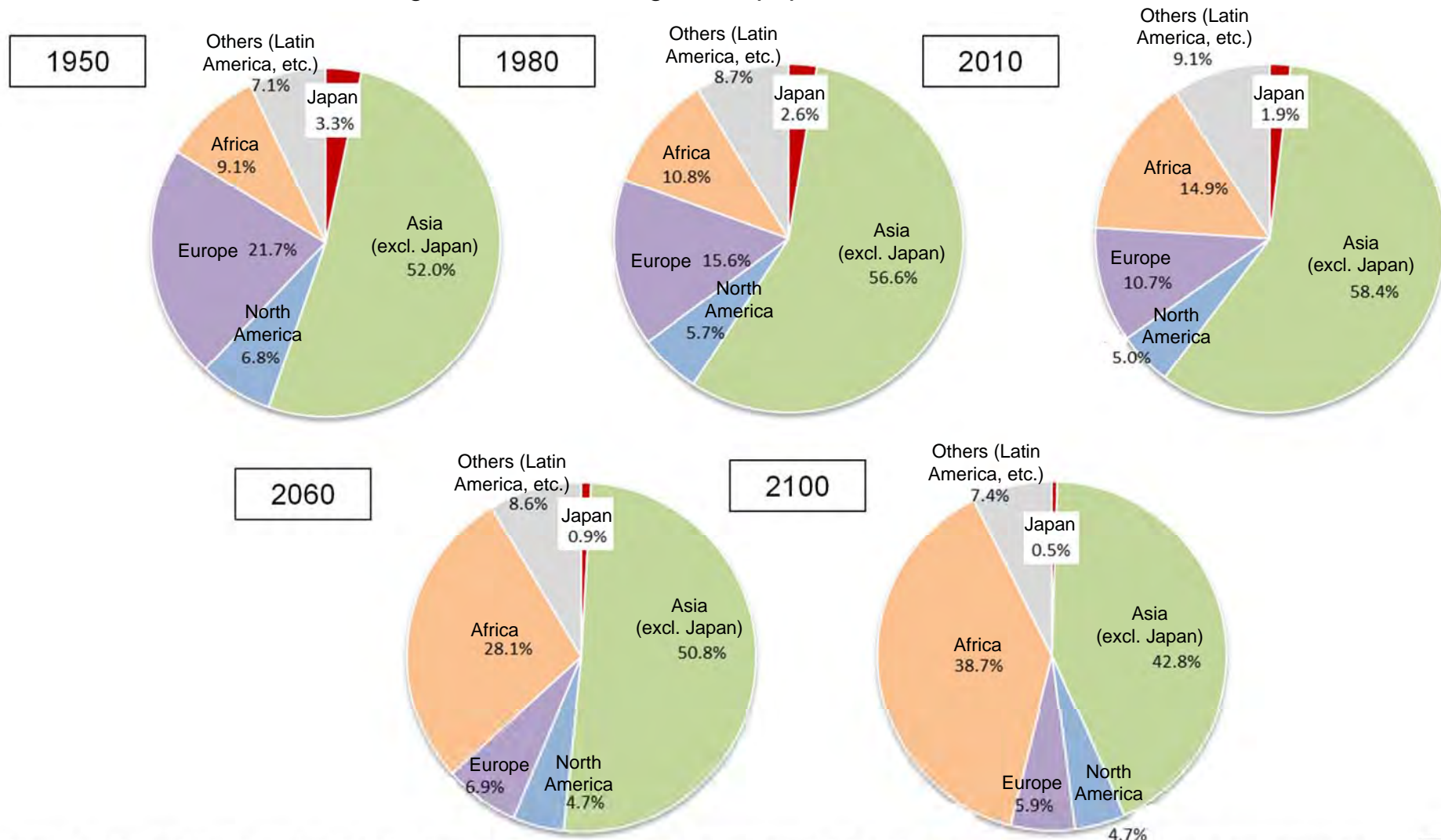
(Note) Data of municipalities obtained from the Population Census, Census of Manufactures, and Census of Commerce, among others, for 1980, 1990, 2000, and 2010 are synthesized into an indicator to analyze changes over time and correlations. Regional economies are represented by the deviation value of a synthesis index calculated based on statistics of manufacturers, commerce, agriculture, and others. At a value of 50, a regional economy stands at the national average of the past 30 years.

\* "Regional economies in 50 years" represents a case of an annual 0.3% improvement in the economy. (The past 10 years saw an annual 0.3% decline.)

# 10. Position of Japan in the world (population)

- ❑ The share of Japan in the world population has been on a downward trend.
- ❑ After a 0.7 percentage point decline during the past 30 years, another one percentage point decline is expected in 50 years.

Changes in shares of regions in population around the world

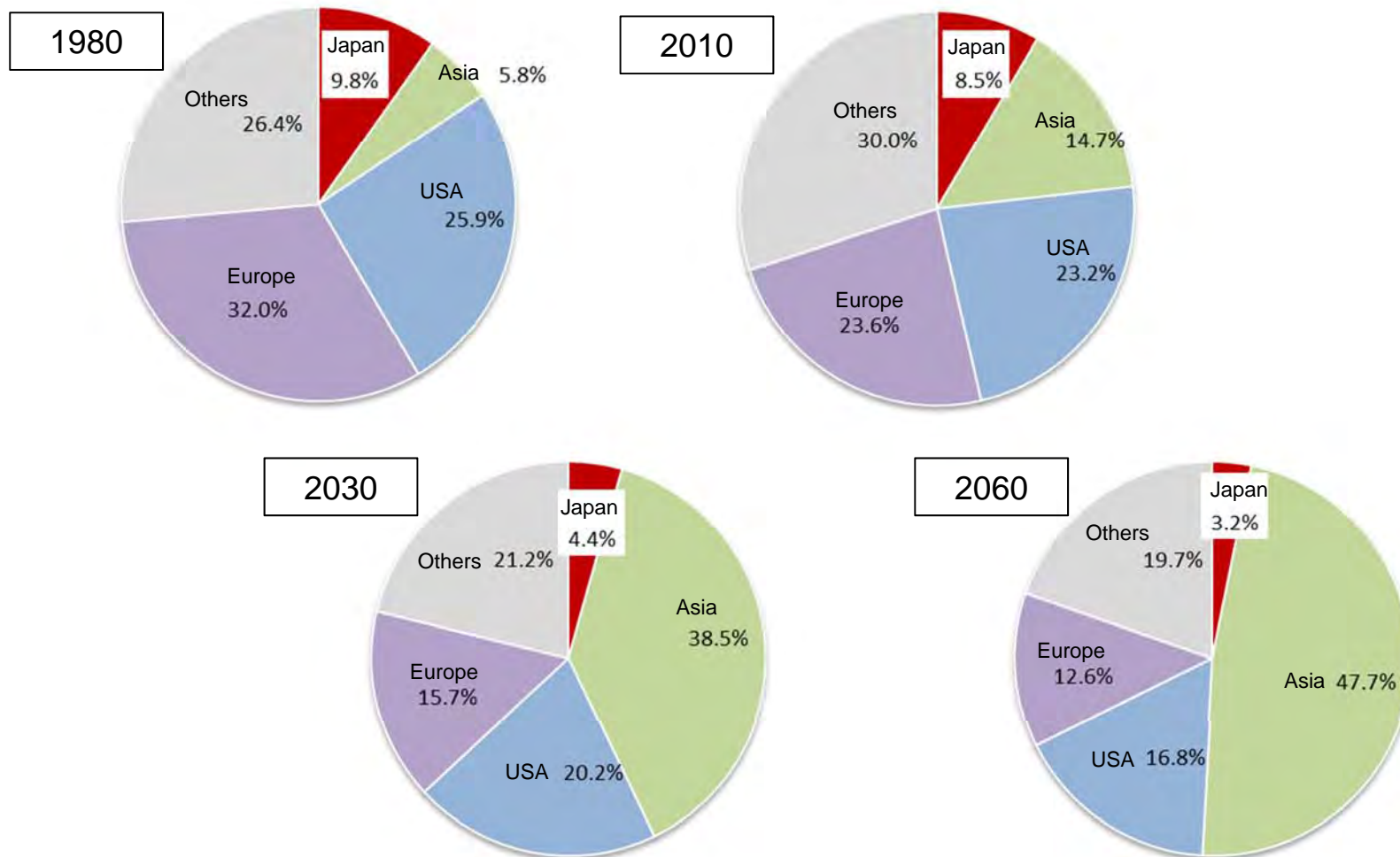


(Note) Adapted from United Nations "World Population Prospects: The 2012 Revision (Medium Variant)," MIAC "Population Census Report" and "Annual Report on Current Population Estimates," and the National Institute of Population and Social Security Research "Population Projection for Japan (January 2012)." (medium projection).

# Position of Japan in the world (economy)

- ❑ The share of Japan in the world economy (GDP) has been on a downward trend.
- ❑ After a 1.3 percentage point decline during the past 30 years, another 5.3 percentage point decline is expected in 50 years.

Changes in shares of countries and regions in the world economy (GDP)



(Note) Adapted from IMF "World Economic Outlook Database, October 2014" and OECD "Economic Outlook (May 2014)"

\* Asia includes four countries below: South Korea, China, India, and Indonesia.

\* Europe includes 15 countries below: Ireland, United Kingdom, Italy, Austria, the Netherlands, Greece, Sweden, Spain, Denmark, Germany, Finland, France, Belgium, Portugal, and Luxembourg.

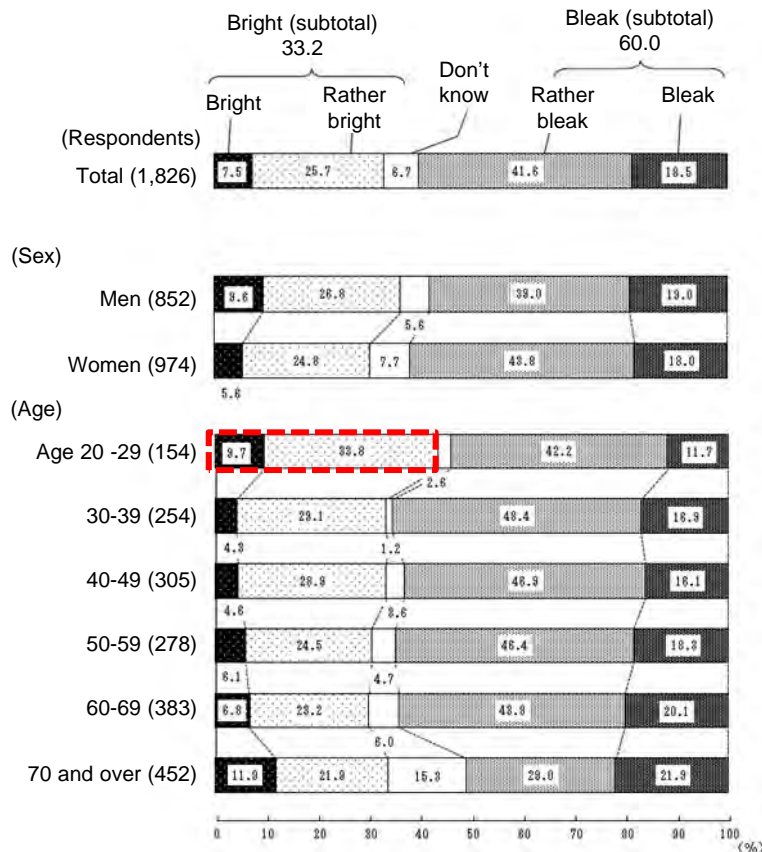
# 11. Findings of an opinion poll (1) : Awareness of the future of Japan, and balance between policy programs for the elderly and younger generations

- ❑ Asked in an opinion poll about the future of Japan in 50 years, 43% of young respondents answered the prospects are “Bright.”
- ❑ Asked which of policy programs for the elderly or younger generations should be enhanced, younger respondents attached greater importance on programs for the elderly, while older respondents regarded those for younger generations as more important.

◆ In terms of the future of Japan, 50 years from now, do you think prospects are brighter or bleaker than today?

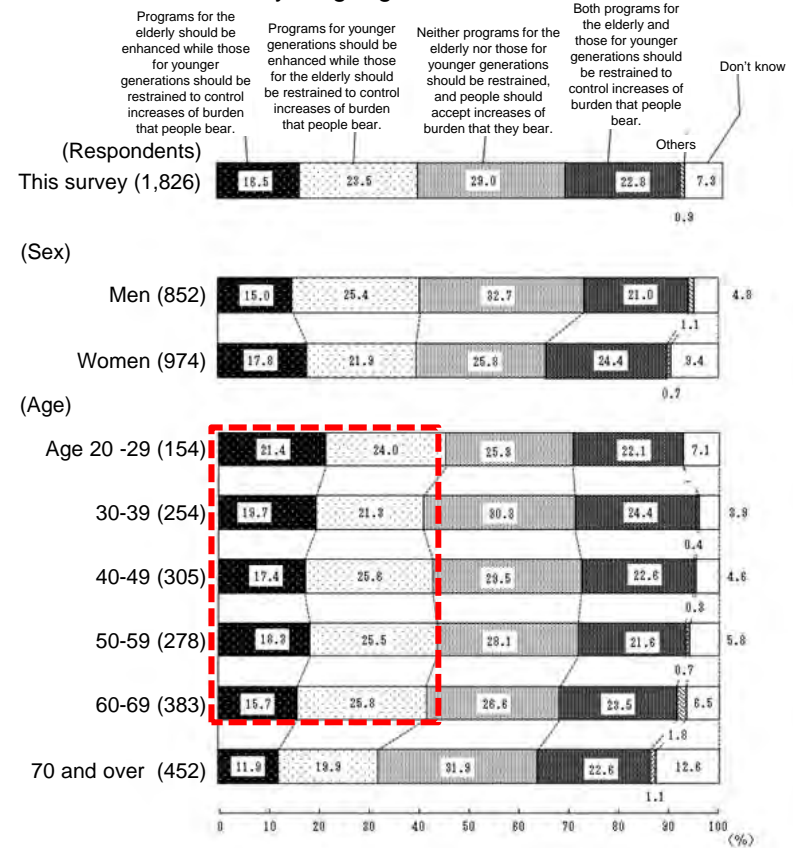
◆ In Japan, with the forecast that population will be further aging, it is expected that people will have to bear growing burden for social security benefits paid to the elderly. What do you think should be done to address this situation?

Fig. 1 Awareness of the Future of Japan



(Note) Adapted from the Cabinet Office, "Opinion Poll on Future of Japan: Population, Economy, Society, Etc." (August 2014).

Fig. 10 Balance between policy programs for the elderly and younger generations



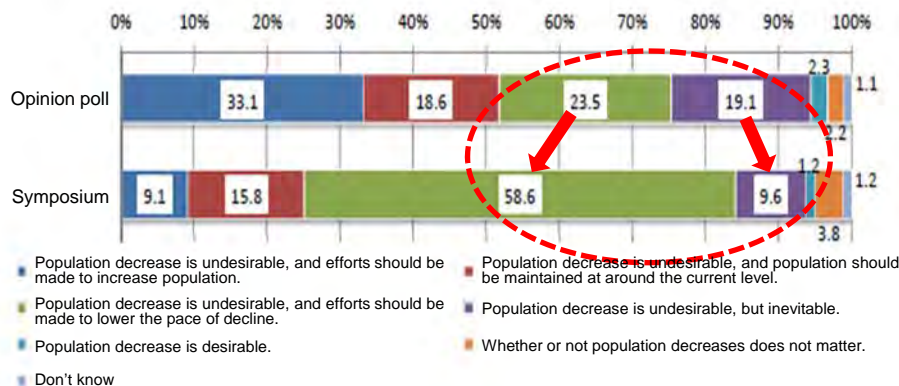
# Findings of an opinion poll (2) : Comparison with participants in a symposium

- Comparison between the opinion poll (conducted in August 2014) and participants in a symposium (held in October 2014) in answers to questions about the future of Japan shows that a smaller percentage of the symposium participants said “Population decrease is inevitable,” while “Efforts should be made to lower the pace of decline” was the most common answer among them.
- Asked about the future of Japan, a little less than 50 percent of the symposium participants said “Bleak” or “Rather bleak,” while “Don’t know” turned out to be much more common than in the opinion poll.

## 2. About population decline, falling birthrate, and aging

Q4. What do you think of such a sharp decline of Japan’s population? Please choose one of the alternatives below.

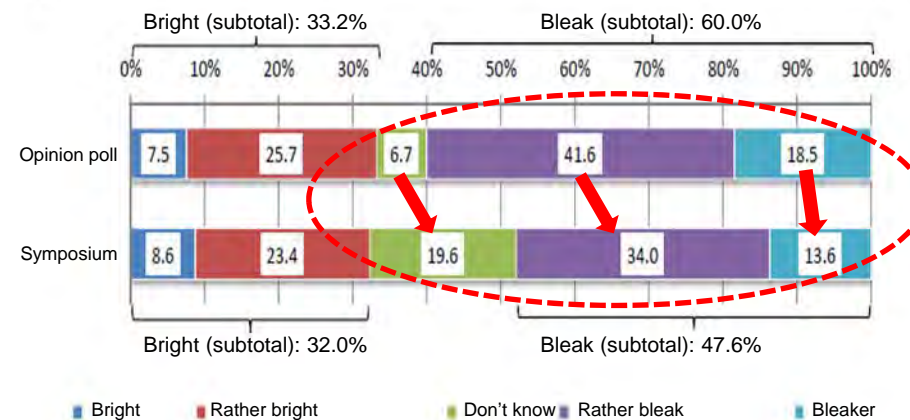
	Opinion poll (%)	Symposium (%)
Population decrease is undesirable, and efforts should be made to increase population.	33.1	9.1
Population decrease is undesirable, and population should be maintained at around the current level.	18.6	15.8
Population decrease is undesirable, and efforts should be made to lower the pace of decline.	23.5	58.6
Population decrease is undesirable, but inevitable.	19.1	9.6
Population decrease is desirable.	2.3	1.2
Whether or not population decreases does not matter.	2.2	3.8
Don't know	1.1	1.2



## 1. About future of Japan

Q1. In terms of the future of Japan, 50 years from now, do you think prospects are brighter or bleaker than today? Please choose one of the alternatives below.

	Opinion poll (%)	Symposium (%)
Bright	7.5	8.6
Rather bright	25.7	23.4
Don't know	6.7	19.6
Rather bleak	41.6	34.0
Bleaker	18.5	13.6

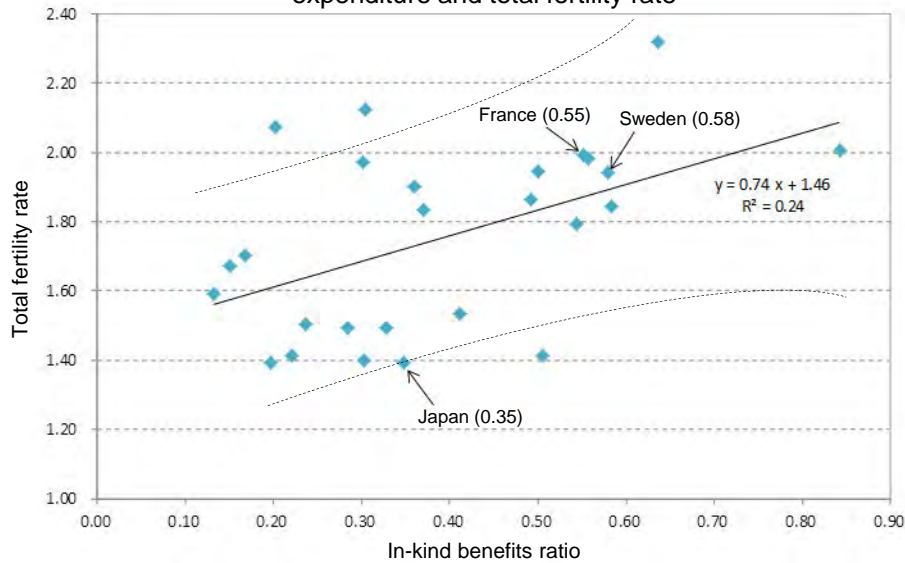


(Note) Adapted from Material 3-1 for the 12th meeting of the Committee for Japan’s Future (October 28, 2014), the overview of the findings and analysis of “Opinion Poll on Future of Japan: Population, Economy, Society, Etc.”

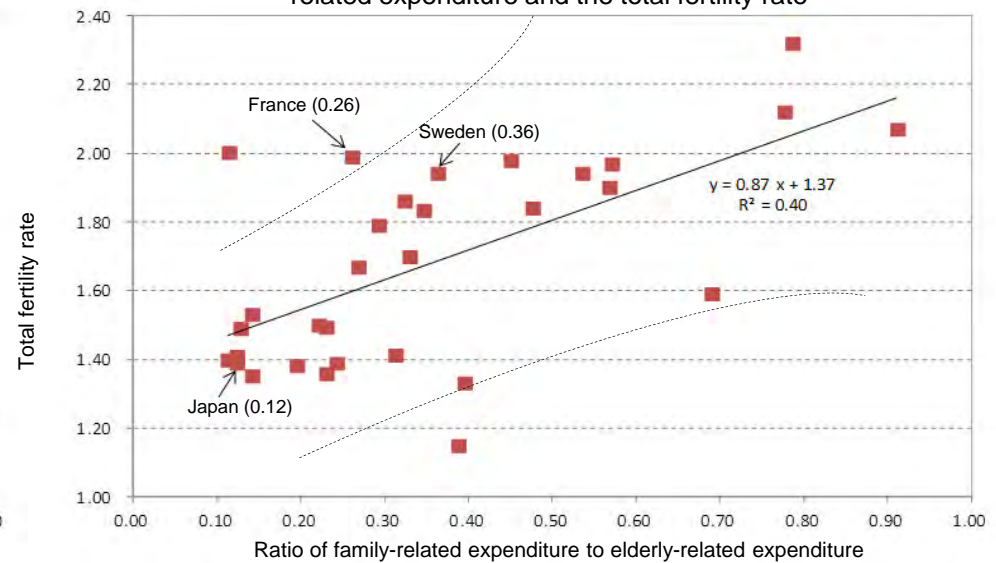
## 12. Relation between family-related government expenditure (in-kind) of countries and their total fertility rates

- Looking at countries with a higher total fertility rate than Japan's, a larger proportion of in-kind benefits in family-related government expenditure is often observed with a higher total fertility rate. The latest ratios of in-kind benefits are: (Japan) 35%; (France) 55%; (Sweden) 58%.
- The larger the proportion that family-related government expenditure in comparison with the elderly-related government expenditure, the higher the total fertility rate becomes, showing a modest positive correlation between them. The latest proportions of the family-related government expenditure against the elderly-related government expenditure are: (Japan) 0.12; (France) 0.26; (Sweden) 0.36.

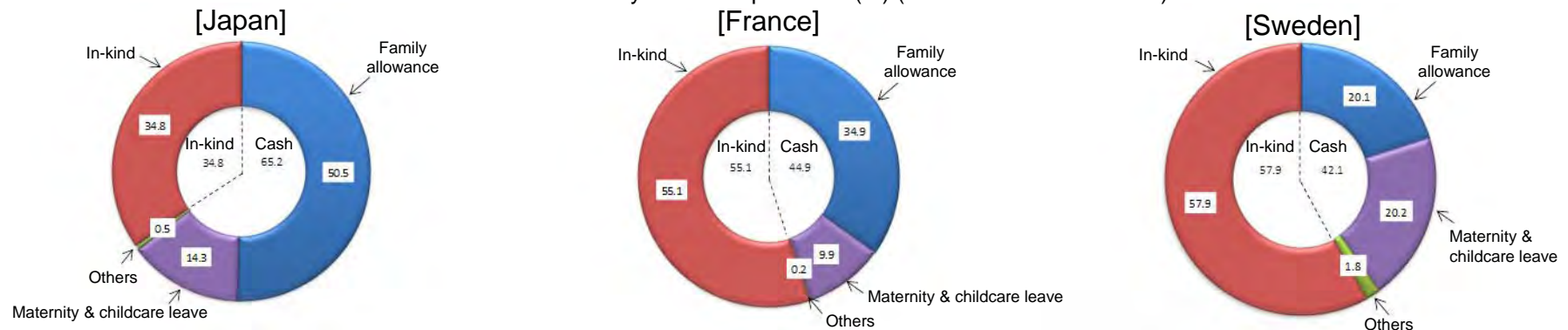
Correlation between the ratio of in-kind benefits in family-related expenditure and total fertility rate



Correlation between the ratio of family-related expenditure to elderly-related expenditure and the total fertility rate



Distribution ratio of family-related expenditure (%) (cash and in-kind benefits)

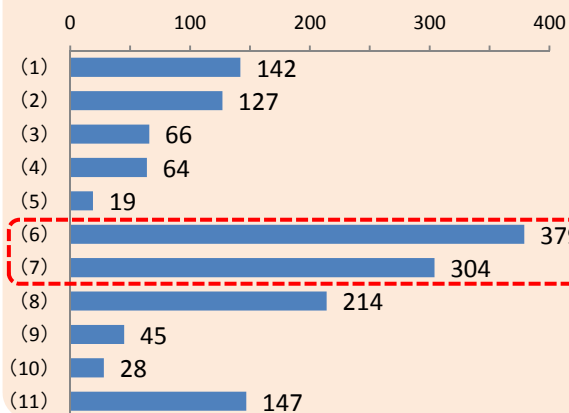


- (Notes) 1. Adapted from OECD "Social Expenditure" and "Family database," and IPSS "The FY 2011 Financial Statistics of Social Security in Japan"  
 2. Figures for 2009. For Japan and Switzerland, figures are for FY2011 and 2008, respectively.  
 3. An in-kind benefits ratio represents a percentage of the in-kind benefits to the family-related government expenditure.

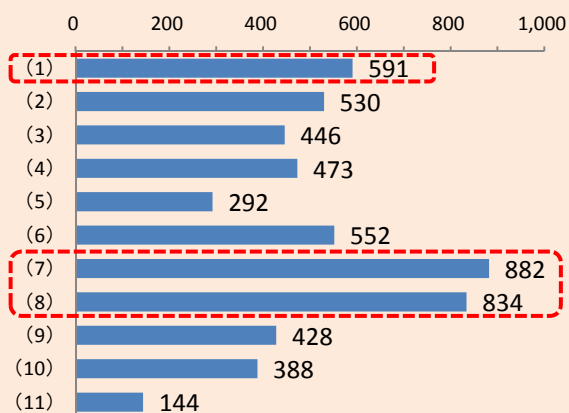
# 13. Priority programs implemented by local governments as measures to counteract the falling birth rate

- Local governments give especially high priority to “Clear out children on the waiting list for nursery schools” and “Expand options of childcare support” among measures they implement to counteract the falling birth rate.
- Asked which programs they think should be enhanced, many of them pointed out needs for offering diverse options and improving quality of service, such as “Develop schemes for supporting marriage,” “Expand options of childcare support,” and “Enhance nursery service.” Asked which programs for which they need to work with other organizations and/or the national government, “Enhance the perinatal medical system in safety and reliability” was mentioned by many, together with programs referred to above
- In terms of support and promotion programs conducted by the national government, they have the greatest need for seamless support for marriage, pregnancy, childbirth, and childcare.

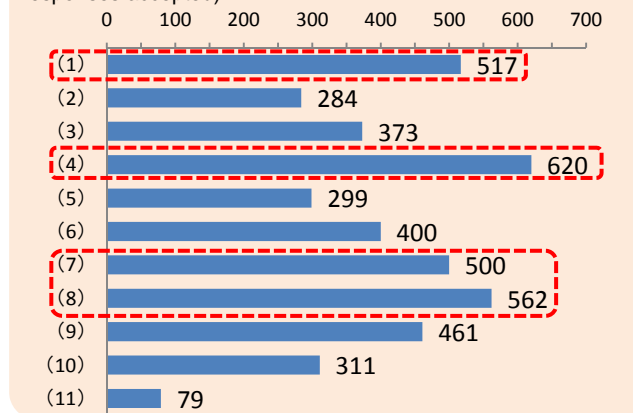
◆ Which policy program do you give especially high priority to? (Choose one alternative only.)



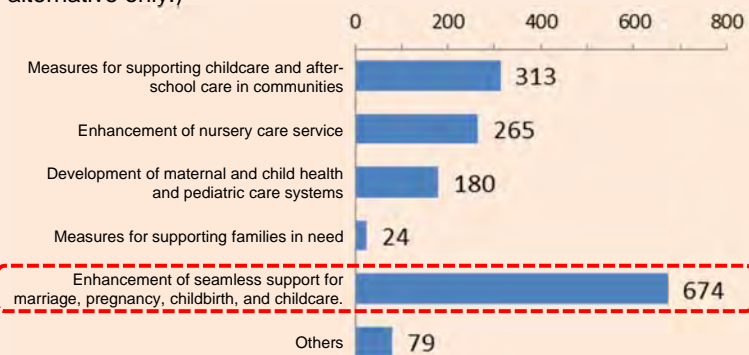
◆ Which policy program do you think we need to enhance? (Multiple responses accepted)



◆ For which policy program do you think we need to work with other organizations and/or the national government? (Multiple responses accepted)



◆ Among support and promotion programs the national government carries out for local governments when they implement measures to counteract the falling birth rate, which do you expect to be enhanced and/or extended? (Choose one alternative only.)



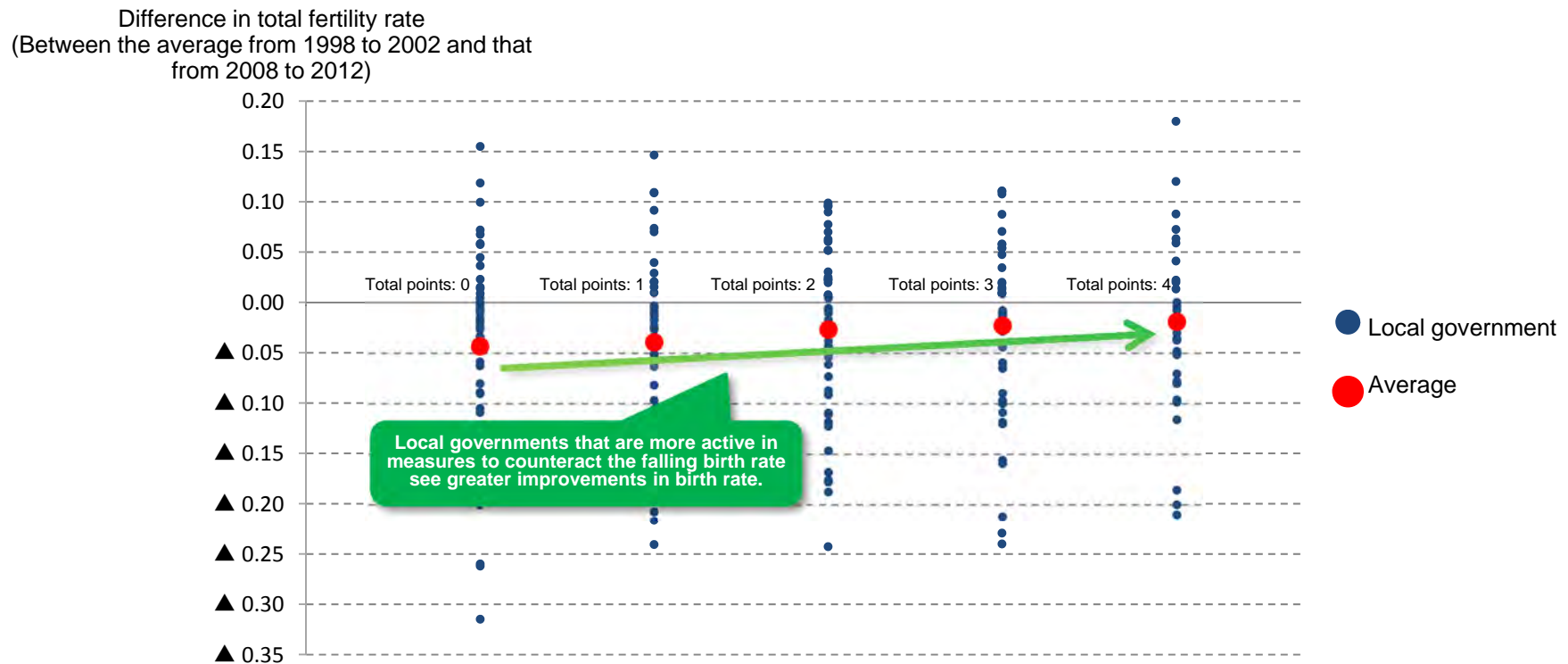
- Offer people opportunities to meet, and develop consulting and support arrangements (Hold various types of events, and operate marriage support centers, among others)
- Facilitate supply of housing for young married couples and families with children
- Provide comprehensive support for sterility treatment (Increase grants for projects for supporting specified treatments of those suffering sterility, develop consulting and support systems to enable both men and women to consult a doctor more easily, provide support for men in sterility treatment, and provide support for women suffering infertility, among others)
- Enhance the perinatal medical system in safety and reliability (Introduce more effective measures to secure doctors, among others)
- Promote provision of medical information about pregnancy and childbirth (Facilitate preparation of life plans)
- Clear out children on the waiting list for nursery schools (Expand facility-type benefits for certified preschools, kindergartens, and nursery schools)
- Expand options of childcare support (Provide support for small-class nursery service, etc.)
- Enhance nursery service (Introduce measures to improve treatment of childcare workers and secure human resources, etc.)
- Enhance the support system for children who need social protective care
- Develop a postpartum care system
- Others

(Note) Based on findings of the Cabinet Office, “Survey of the Current State of Measures Implemented by Local Governments to Counteract the Falling Birth Rate” (September 2014). Responses came back from 1,535 organizations out of 1,788 to be surveyed.



# 14. Relation between measures implemented by local governments to counteract the falling birth rate and the birth rate

Comparing local governments that implement, as part of measures they carry out to counteract the falling birth rate, “Establishment of a department responsible for planning and promoting comprehensive policy programs,” “Cooperation for work between relevant departments,” “Increase of the budget for measures to counteract the falling birth rate,” and/or “Enhancement of personnel engaged in measures to counteract the falling birth rate” with those which do not, it turns out that local governments that are more active in such programs see greater improvements in birth rate as compared with 10 years ago.



[Method] Answers to questions below are represented in points to divide local governments into groups according to their total points and calculate their average fertility rates.

(1) Have any department responsible for planning and promoting comprehensive policy programs?

..... Yes: 1; No or Under consideration: 0

(2) Have relevant departments that work in cooperation?

..... Yes: 1; No: 0

(3) Trend of the budget for measures to counteract the falling birth rate over the past 10 years:

..... Upward or Rather upward: 1; Unchanged, Rather downward, or Downward: 0

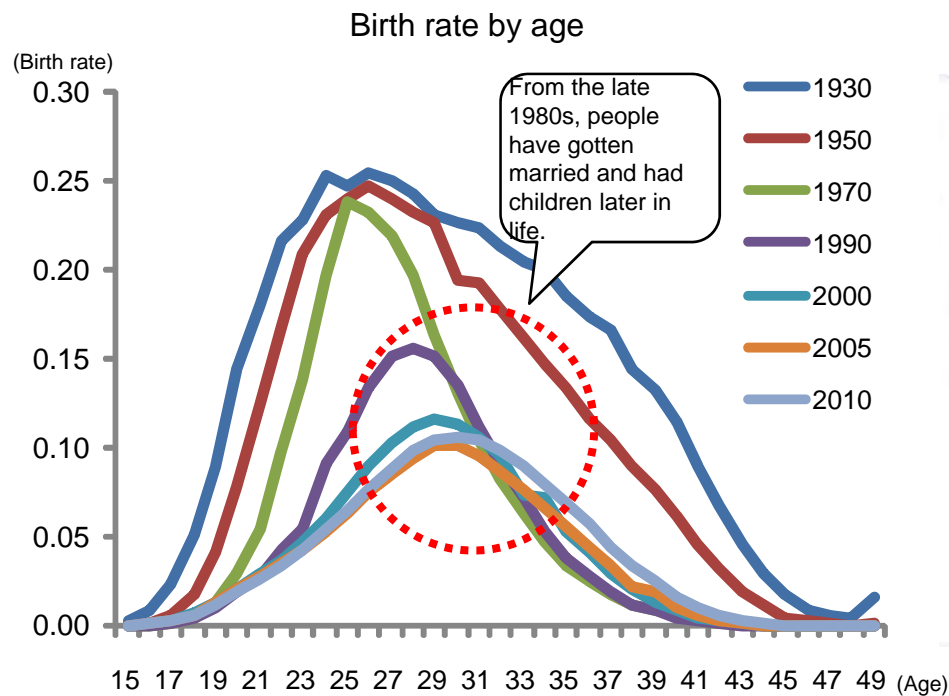
(4) Trend of the personnel engaged in measures to counteract the falling birth rate over the past 10 years:

..... Upward or Rather upward: 1; Unchanged, Rather downward, or Downward: 0

(Note) Based on findings of the Cabinet Office, “Survey of the Current State of Measures Implemented by Local Governments to Counteract the Falling Birth Rate” (September 2014). Responses came back from 1,535 organizations out of 1,788 to be surveyed.

# 15. Factors behind a falling birthrate, and basic responses

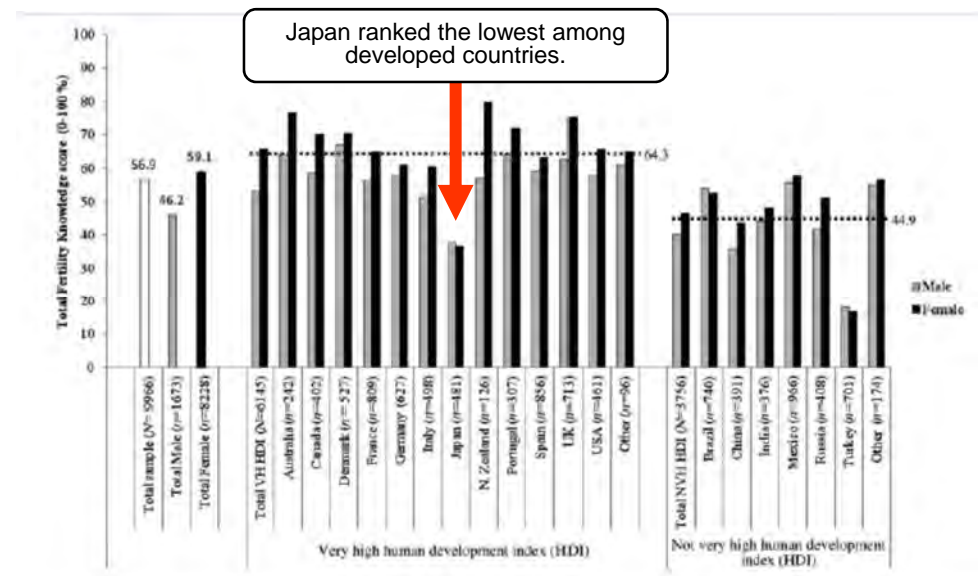
- ❑ Correct medical knowledge about pregnancy and childbirth, among others, should be disseminated to help people prepare a life plan for themselves.
- ❑ Development of sterility treatment and other medical techniques should not be regarded as a guarantee that you will be able to get pregnant whenever you want.
- ❑ Social systems should be established immediately that allow people in their 20s to choose to have and bring up a child without anxiety.



[Birth rate] = [No. of children born to women at an age] / [No. of women at the age]

IPSS, Population Statistics 2013

**Knowledge about Fertility (by country & sex)**



Human Reproduction, 28:385-397, 2013

(Note) Adapted from materials produced by Dr. Hidekazu Saito, Director of the National Medical Center for Children and Mothers, National Center for Child Health and Development

# 16. Report of the Working Group on Growth and Development [Overview]

—Prevent a contraction spiral for population stability, innovation, and Japan branding

**If no action is taken now to change the current situation, a rapid decline of population is feared to lead the economy to a contraction spiral.**

### Population stability

Population is a critical foundation for growth and development of the economy (as it has impact on all of labor input, capital accumulation, and **productivity**)

Stability in population and increases in younger people should generate fusion with generations with rich experience and facilitate innovation.

### Innovation for rapid enhancement of productivity

**Intensive implementation of reforms by the early 2020s to make a jump start**

- **Broaden the perspective from “Monozukuri” (manufacturing) to “Mono-Kotozukuri” (value added manufacturing).**
- **Reform awareness to accept something unfamiliar.**
- **Carry out all policy programs available to promote reform to clear high hurdles.**

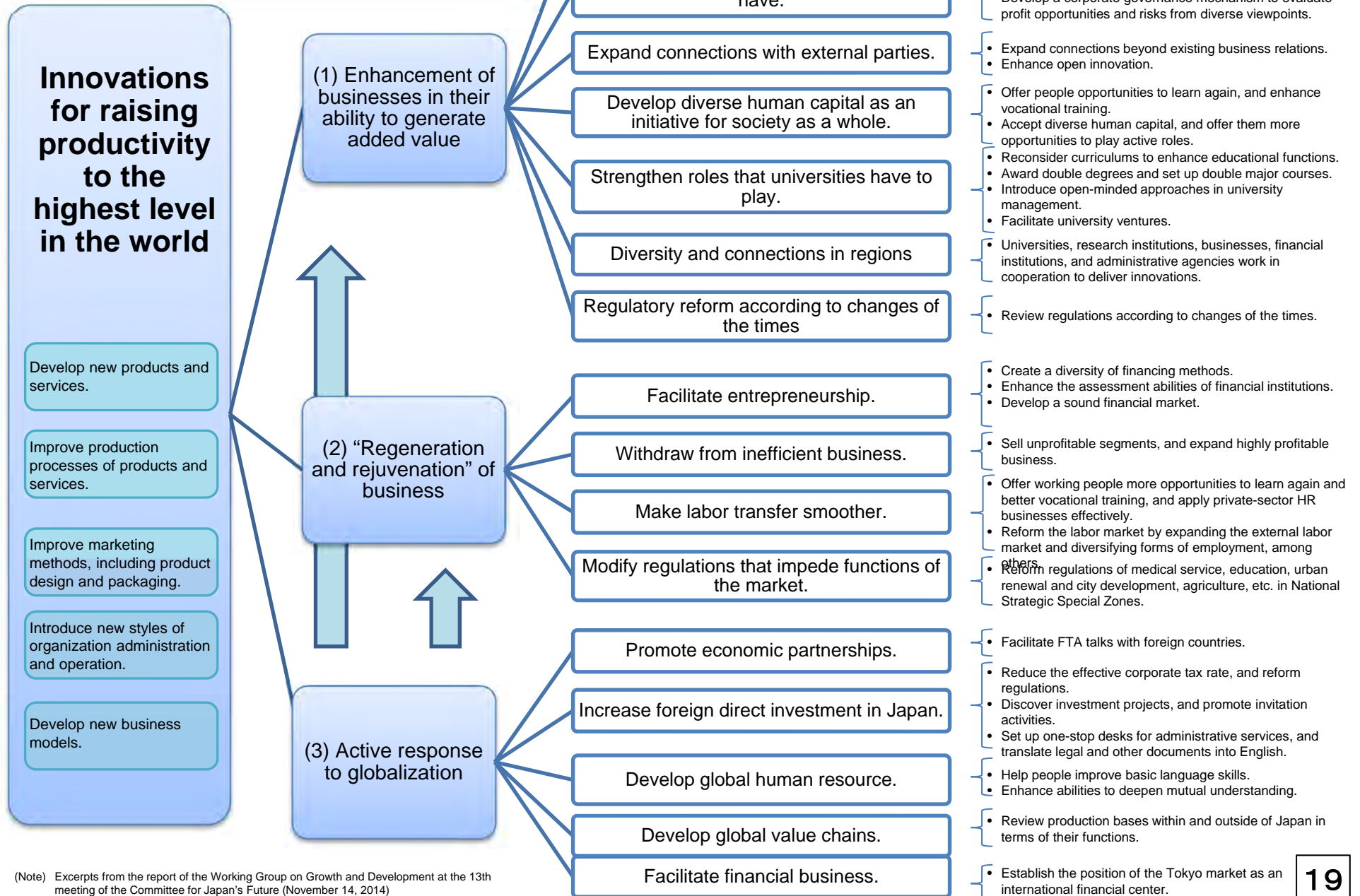
- Enhance investment in knowledge capital (IT investment, R&D investment, human resource development, branding, marketing, etc.)
- Strengthen open innovation in a strategic manner.
- Train and accept diverse human capital, and offer them more opportunities to play active roles.
- Enhance universities in functions for human capital development and innovation.
- Make available more diverse financing methods to promote entrepreneurship.
- Encourage businesses to transfer unprofitable operations for restructuring.
- Develop global value chains to maximize added value.
- Turn Tokyo into an international financial center that attracts people and information.

**Build the “Japan Brand” as part of the national strategy as a hallmark we feel proud of before the world.**

- Integrate the characteristics and strengths Japan has into what the Japanese people as a whole feel empathy for, to share them among us and spread them to the world.
- Take an active part in rulemaking for the global community.

**Pass down a society with sustainable growth and development to coming generations.**

# Initiatives for raising the potential growth rate

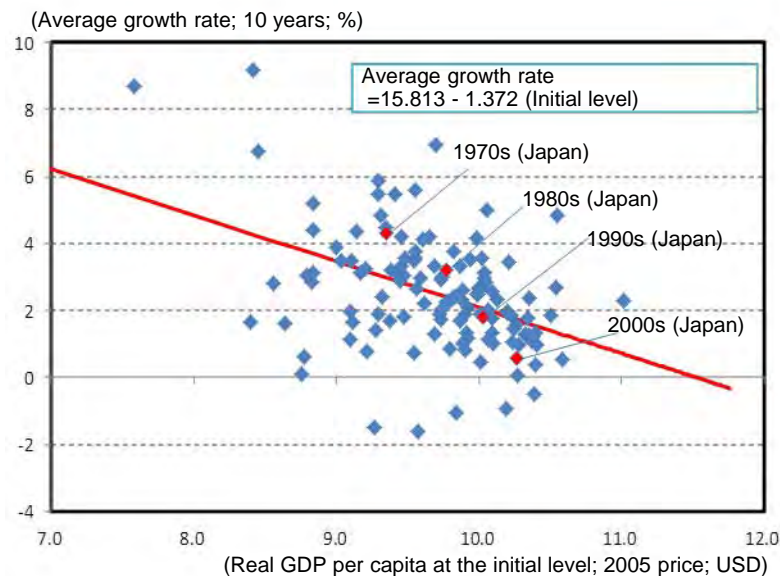


(Note) Excerpts from the report of the Working Group on Growth and Development at the 13th meeting of the Committee for Japan's Future (November 14, 2014)

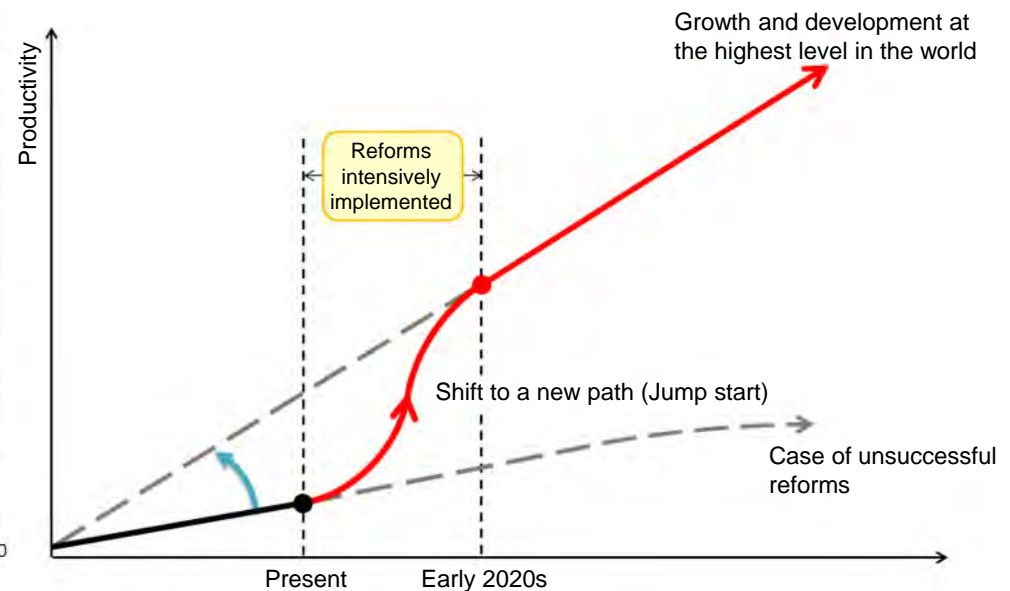
## Shift to a new path (Image)

- ❑ Economies with smaller real GDP per capita at the initial level tend to achieve higher growth rates.
- ❑ In recent years, Japan has been positioned below a trend line that shows the relation between income level and growth rate, suggesting there is some room to make a Jump start.
- ❑ At the moment, Japan's TFP is weak in climbing power to reach a path of growth and development that Japan should aim at, going along a course far below it.
- ❑ Reforms should be implemented intensively by the early 2020s to raise the climbing power (slope), so that Japan can shift to a new path. Until the early 2020s, the climbing power (slope) will temporarily need to be greater than a long-term level of climbing power, which itself must be higher than the current level.

### Relation between GDP per capita and growth rate



(Note) The figure shows relation between GDP per capita at the initial level and average growth rates achieved for each period of ten calendar years between 1970 and 2009, or four decades. It is an analysis of major 34 countries around the world based on the Penn World Table database.



(Note) Report of the Working Group on Growth and Development at the 13th meeting of the Committee for Japan's Future (November 14, 2014)

Japan can achieve sustainable development into the future amid great changes we will face over the coming 50 years only when we enable every one of “people” to bring their abilities into full play. We must nurture “people” and make the best of their diverse abilities, respecting them, to develop “human resources” for the future.

## 1. Human resource development

### Recommendation 1: Develop abilities of people they need to play active roles.

- Develop “mind” of people to nurture **comprehensible abilities only human beings have.**
- Use the comprehensive abilities as a basis to develop **general-purpose skills needed in a cross-sectional manner and professional skills needed for each specific field, in interaction between them.**
  - Develop “mind” of people through outdoor activity and other opportunities that allow them contact with first-hand information.
  - Improve and enhance education at each phase of schooling, and offer broader opportunities of work experience.

### Recommendation 2: Develop environments for human resource development.

- Support development of people as a task for the entire society.
  - **Provide people with career education in a strategic manner** to help them feel work as their own affair and live a fulfilled life; • **Train teachers to have enough creativity** to cope with globalization. • **Develop social infrastructure** in a manner to accept diverse human capital, offer them opportunities to play active roles, and bring their abilities into full play to take advantage of them.

## 2. Styles of working, and working environments

### Recommendation 3: Develop social systems that allow everyone to have active roles to play.

- Adopt the ideas of “**post-based personnel management**” and “**equal pay for equal work**” to replace low-paid work practices and bring the **polarization between regular and non-regular employment to an end.**
- Regulate long working hours for allowing people to have more active roles to play and achieve work-life balance.
  - Define the “job” of an employee to adopt the ideas of “post-based personnel management,” a system that enables companies to find and hire someone qualified to perform the job, either within or outside of the company, and “equal pay for equal work,” and pursue what you may call the best mix of employment systems.
  - With that, put to an end the current polarization between regular and non-regular employment, so that everyone can secure a job that allows them to show their ability and provides great motivation to work.
  - Secure a level of income that allows a couple to have and bring up children at least when they are both in some work to help **solve the population problem.**

### Recommendation 4: Allow the youth, women, and the elderly to play active roles.

- Offer them opportunities to have some active role to play according to their own conditions.
  - Offer young people diverse opportunities to find a job for **helping them have more active roles to play.**
  - Change society’s awareness of women and realize diverse career paths for them for **helping them have more active roles to play,** as they are also important players for innovation.
  - Enable elderly people to participate in society and work in diverse ways, regardless of their age, and rather according to conditions of their own, for **helping them have more active roles to play.**

## 3. Affluent life and its foundation

### Recommendation 5: Achieve mentally and physically affluent life.

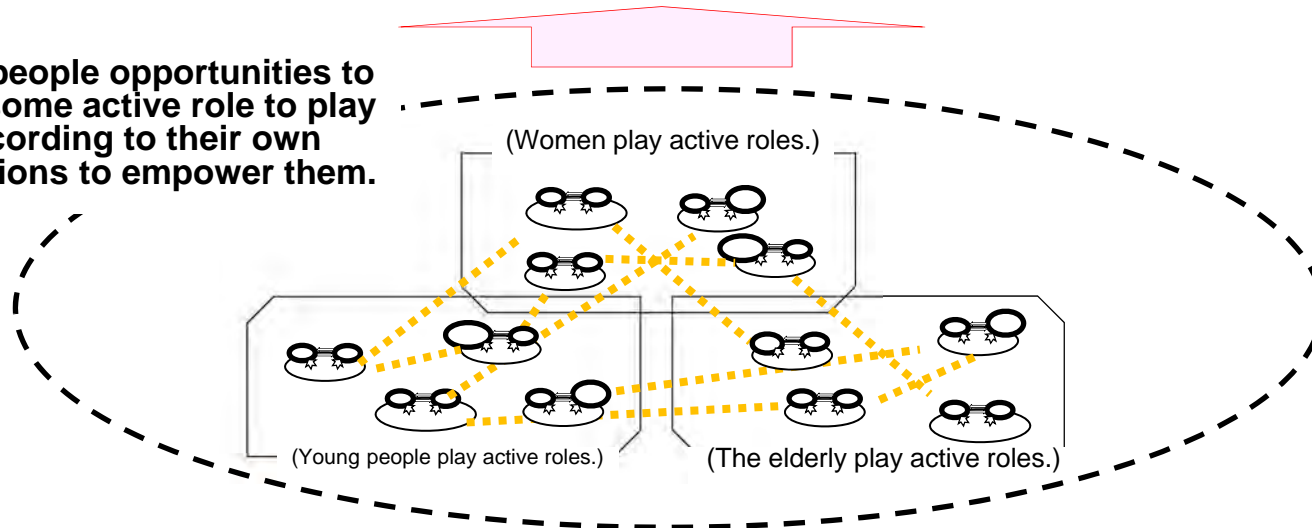
- Apply ICT, among others, to achieve mentally and physically affluent lives.
  - Encourage people to maintain health and prevent diseases and **extend healthy life expectancy.**
  - **Apply ICT to offer people comprehensive services** for medical, nursing, and daily-life care and help them spend the last chapter of their life without anxiety.
  - **Develop foundations of affluent life,** with fulfillment in social relationships as well.

**We must nurture “people” and make the best of their diverse abilities, respecting them, to develop “human resources” for the future.**

**Create innovations from diversity!**

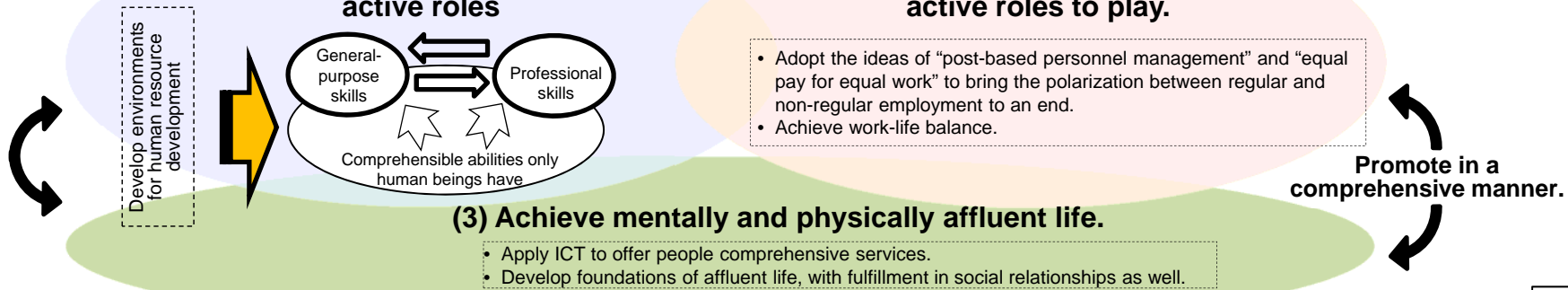
[Image]

**Offer people opportunities to have some active role to play according to their own conditions to empower them.**



**(1) Develop abilities of people that they need to play active roles**

**(2) Develop social systems that allow everyone to have active roles to play.**



# 18. Report of the Working Group on Future of Regions [Overview] –(1) Medium and long-term challenges regions face, and the direction of response to them

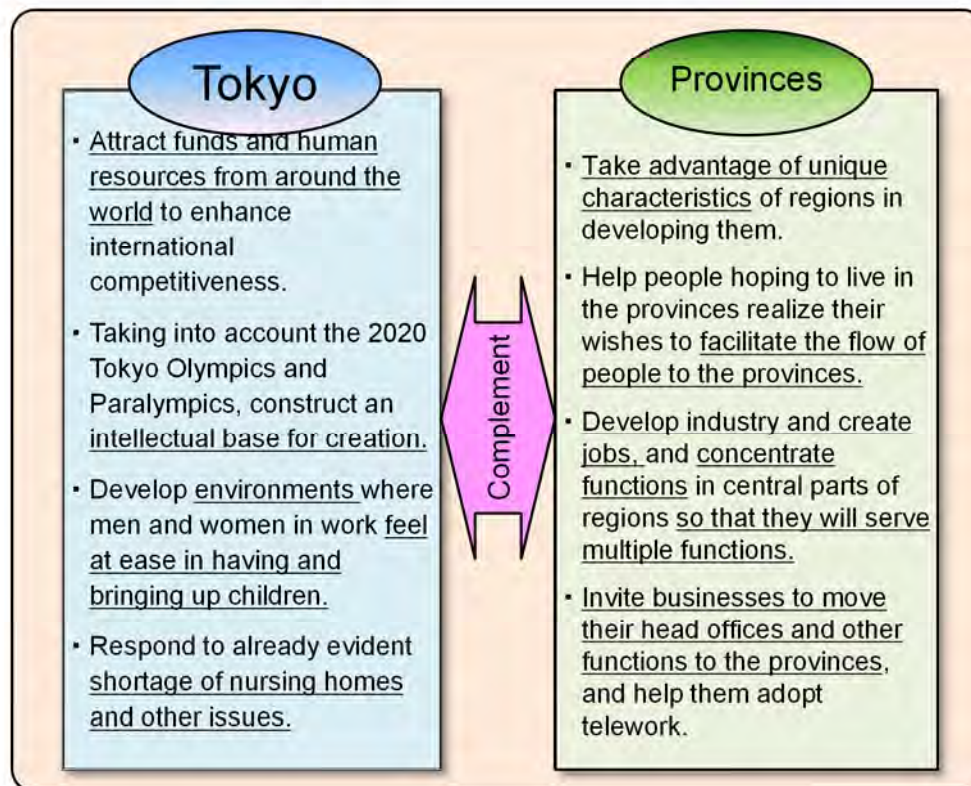
## Introduction

- ✓ Taking into account structural changes regions may face during the coming 50 years, the report summarizes challenges they should address in an intensive and cross-sectional manner by around 2020, and the direction they should take in responding to them.

### 1. Challenges Tokyo and the provinces face

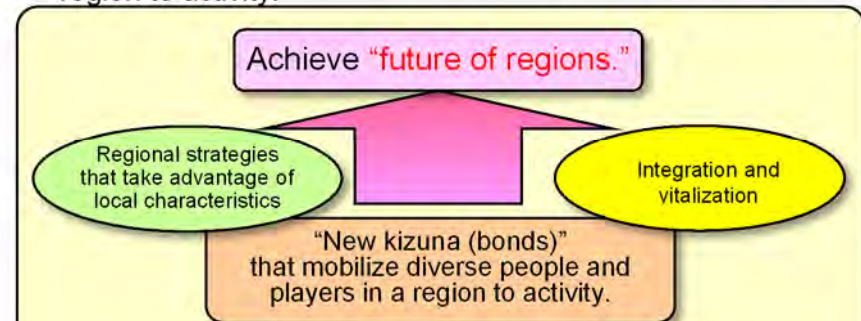
- ✓ The provinces are going ahead in terms of the declining and aging of population, while the metropolitan areas, with lower birth rates than in the provinces, will see their population rapidly declining and aging.
- ✓ It is necessary to put to an end the trend of unipolar concentration in Tokyo while stemming the fall of birthrate and the decline of population in Japan as a whole.
- ✓ Tokyo and the provinces should be positioned as two regions that complement each other to achieve sustainable development for each and promote the long-term growth of Japan.

### 2. Correction of unipolar concentration in Tokyo, the direction to take for achieving “future of regions”



### 3. Framework for achieving “future of regions,” and radical measures

- ✓ Carry out “regional strategies that take advantage of local characteristics” and “integration and vitalization” at the same time for revitalization of regions under the banner of “New kizuna (bonds)” that mobilizes diverse people and players in a region to activity.



#### (Roles of regions)

People of regions and local governments should face up to decline and aging of population and constraints on public finance in the future, and have a sense of urgency in working to build consensus among them about what their own regions should be like and take political leadership for solving challenges themselves.

#### (Roles of the national government)

Construct a flexible and effective framework of systems for regional regeneration by popularizing advanced initiatives, for instance.



# Report of the Working Group on Future of Regions [Overview]—(2) Implementation of “regional strategies that take advantage of local characteristics”

## 1. Required “originality” and “human capital”

- ✓ “Local revitalization” means efforts to enable people who live and have some stake there to find bright prospects for the future there.
- ✓ Local governments of regions and people living there should play a leading role, and rely on their own originality to take advantage of local resources.
- ✓ Development and implementation of a strategy requires human capital, which should be raised from far and wide, both within and outside of the region itself.
- ✓ “If you try, you can make it. You achieve nothing unless you try.” (Yozan Uesugi)

## 2. Regional strategies based on “selection and concentration”

“Selection and concentration”: Select regional strategies that take advantage of local characteristics and concentrate resources on them to develop regions.

Creation of added value through networking: Human capital and a diversity of players in the public and private sectors apply ICT, among others, for cooperation and exchange between them to deliver innovations.

Development of regional communities resilient to disasters: Consideration should also be paid to how to develop regional communities resilient to disasters, including the way to establish food security and secure medical supplies.

## 3. Formation of regional strategies (Examples)

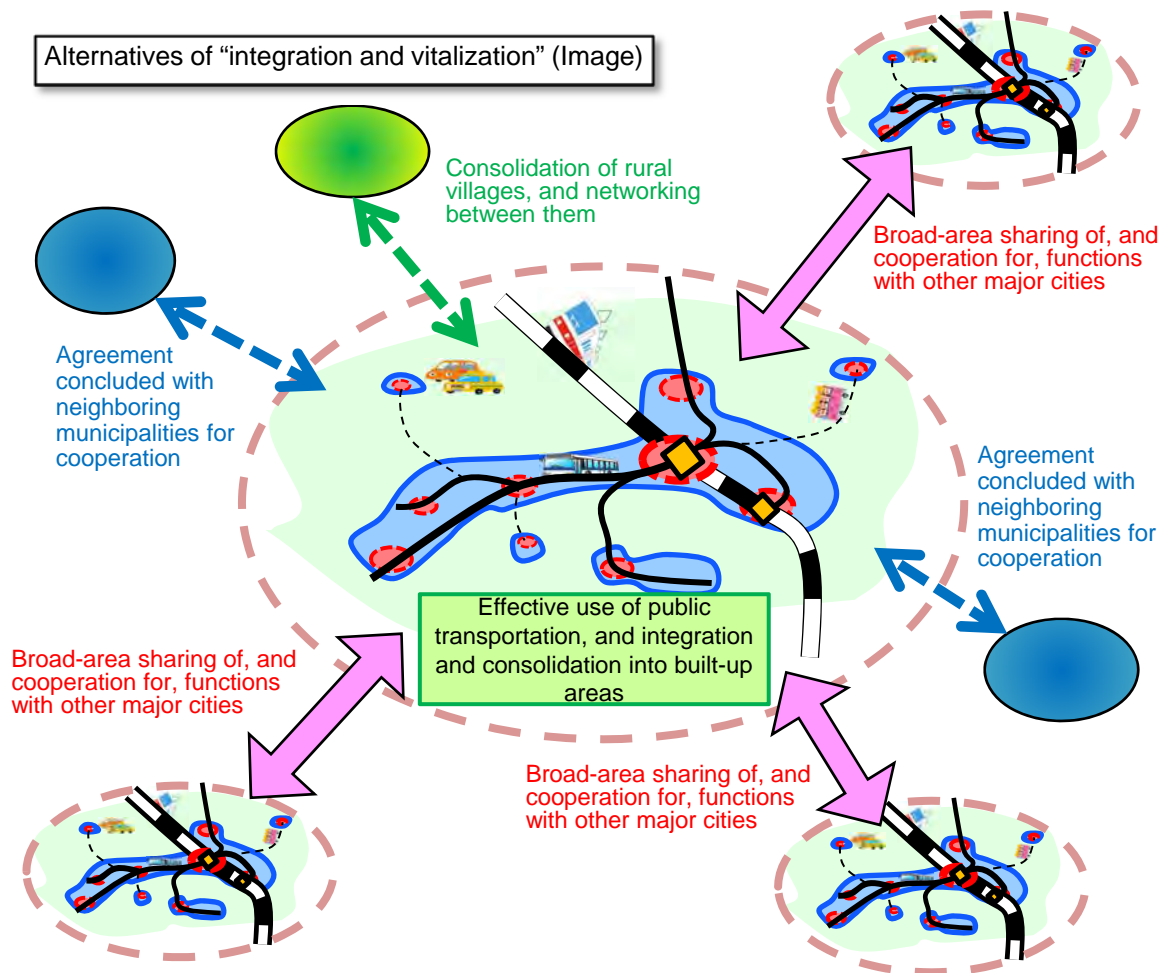
Application of agriculture, forestry and fisheries for regional revitalization	Application of tourism and interaction for regional revitalization	Cooperation between industry, academia, government, financial sector, and labor for regional revitalization
<p>Rediscovery of local resources from a new standpoint, effective use of ICT for development of markets, and application of logistics technologies, such as transport of fresh vegetables and fish. Direct sales of farm produce from producers to consumers.</p> <div data-bbox="181 1166 562 1458" data-label="Image"> </div> <div data-bbox="568 1123 804 1477" data-label="Text"> <p>In Ama Town, Shimane Prefecture, U-turns and I-turns, those returning or coming from urban areas, work together with local residents for branding of local produce, such as oysters, sea cucumbers, and beef, processing and selling, and developing markets, contribution they are making to local revitalization.</p> </div> <div data-bbox="181 1469 524 1495" data-label="Caption"> <p>Farm of local brand oyster “Haruka”</p> </div>	<p>Development of institutions that accommodate international and broad-area flow of people and distribution of goods; discovery of local resources and enhancement of attractiveness regions have; obtainment of people working for the tasks; new types of interactions between regions, including long-term stay; etc.</p> <div data-bbox="833 1145 1223 1437" data-label="Image"> </div> <div data-bbox="880 1442 1149 1495" data-label="Caption"> <p>Shopping street restored as “town of good old Showa”</p> </div> <div data-bbox="1240 1161 1435 1453" data-label="Text"> <p>Bungotakada City, Oita Prefecture, used U-turns, those coming back from urban areas, to rehabilitate a shopping street. Under the concept “town of good old Showa”</p> </div>	<p>Development of regions that lead healthcare and medical services, and application of biotechnology, ICT, and other cutting-edge technologies for regional development.</p> <div data-bbox="1458 1145 1827 1437" data-label="Image"> </div> <div data-bbox="1532 1442 1756 1495" data-label="Caption"> <p>An IT engineer working at a satellite office</p> </div> <div data-bbox="1827 1038 2051 1477" data-label="Text"> <p>In Kamiyama Town, Tokushima Prefecture, a town that has developed excellent environments for ICT infrastructure, NPOs play a central role in using support programs offered by local governments to attract satellite offices. That has resulted in a chain of IT and design companies coming to the town, with more people moving to live there.</p> </div>

# Report of the Working Group on Future of Regions [Overview] –(3) “Integration and vitalization” for regional regeneration

## 1. Significance of “integration and vitalization”

- ✓ Concentrate administrative services in the central part of a city, so that it will serve multiple functions, for making lives of people living there more convenient while revitalizing economic activities.
- ✓ Among the possible alternatives are compact city, an initiative for effective use of public transportation, and integration and consolidation into built-up areas in a city; regional central urban areas formed by several cities that conclude a cooperation agreement between them; and policy programs for several cities to share functions between them and work in cooperation on a broad-area basis.
- ✓ Rural areas should also form a network with surrounding communities, core communities, and neighboring cities.

Alternatives of “integration and vitalization” (Image)



## 2. Policy programs for pursuing “integration and vitalization,” and a setup for the pursuit

- ✓ Local governments and residents should share a sense of crisis, and, based on a forecast, prepare a medium and long-term plan for “integration and vitalization.”
- ✓ Intensive support should be provided for leading initiatives, and knowhow and expertise should be shared.
- ✓ Abilities of local government employees should be enhanced as they deal with practical business, and systems and their operation should be subject to constant review.

## 3. Shift “from ownership to utilization”

- ✓ Application of fixed term land lease right, use of special purpose companies for financing, and other measures to increase liquidity of properties.
- ✓ Introduction of some arrangements for facilitating removal of, or renovation and trade of, vacant houses.

## 4. Appropriate management of public facilities and other assets

- ✓ Consolidation and reorganization of public facilities built for different purposes, use of and joint construction with private-sector facilities, and extension of life time of buildings should be pursued in a PDCA cycle.

## 5. Rule making for consensus building

- ✓ Information of procedures, rules, and alternatives for finding solutions should be shared with people living in the region.
- ✓ Consensus building should be facilitated under the principle of resident autonomy, while policymakers should be prepared to take the lead to get things done.

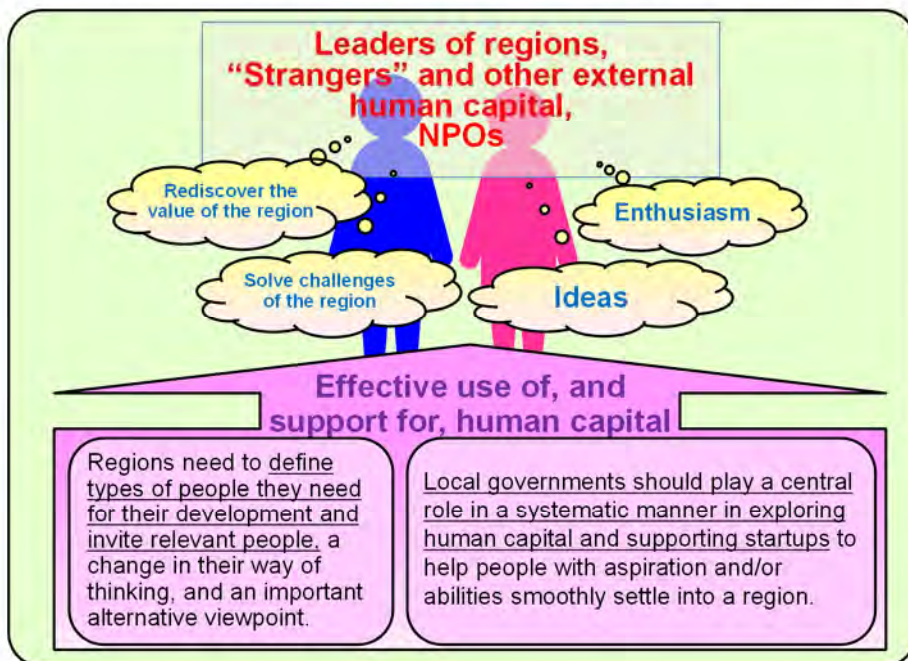
# Report of the Working Group on Future of Regions [Overview] –(4) Form “New Kizuna (bonds)” in regions for developing resilient communities

## 1. Significance of “New Kizuna (bonds)”

- ✓ Effort should be made to develop a region, with participation of residents there themselves, as a sustainable and recycling-oriented community they feel proud of.
- ✓ Development and nurturing of regionally-spontaneous industries and effort to address social challenges in communities, among others, should be pursued for improving the economic circulation in each region.

## 2. Effective use of human capital as player for regional development

- ✓ Train leaders of regions, and promote people capable of rediscovering the value of a region.
- ✓ Improve abilities to operate and manage NPOs, etc.



## 3. Promotion of social investment

- ✓ A market for social investment should be formed to supply financial resources of a region for activities for solving social challenges it has, and promoting the flow of funds in the region.

Develop environments for promoting social investment in regions (Consider adopting social impact evaluation, a way of quantitatively measuring social revenues that an investment produces, etc.)

Consider effective use of savings left in dormant bank accounts, and promote use of cloud funding.

Make effective use of the “hometown tax payment” system and preferential tax treatment for donations for NPOs, etc.

Use public relations and disclosure of information for promoting donations for NPOs, etc.

## Conclusion

- ✓ What is needed from the nationwide viewpoint is to produce as many successful cases as possible. Parties concerned should work as one in carrying out programs with, for instance, the number of regions that can be rated as successful set as a policy target.

# 19. Committee for Japan's Future: Committee Meetings

## Committee Meetings

- **January 20: 1st meeting of the Council on Economic and Fiscal Policy**
  - The Committee for Japan's Future set up.
- **January 30: 1st Committee Meeting**
  - Agenda of the Committee
- **February 14: 2nd Committee Meeting**
  - Items to be considered at the Committee
  - Potential growth rate, people's feeling of well-being and income, demographic movement
- **February 24: 3rd Committee Meeting**
  - Future to be aimed at
  - Economic growth and development, issue of declining birthrate
- **March 12: 4th Committee Meeting**
  - Prospects of the regions
- **April 7: 5th Committee Meeting**
  - Human resources
- **April 21: 6th Committee Meeting**
  - Discussions considering reports from working groups
  - Interim draft summarizing points
- **May 13: 7th Committee Meeting**
  - Reports from chiefs of working groups
  - Interim summarization
- **July 18: 8th Committee Meeting**
  - Agenda for coming meetings
  - The current state of population decline, regions, and industry, and challenges to address
- **September 12: 9th Committee Meeting**
  - Presentations of committee members on regional regeneration
  - Hearings with the National Governors' Association
  - Summarization of principles of discussions on major issues
- **October 1: 10th Committee Meeting**
  - Joint meeting with the 6th meeting of the Working Group on Growth and Development
  - Joint meeting with the 8th meeting of the Working Group on Human Resources
- **October 17: 11th Committee Meeting**
  - Joint meeting with the 7th meeting of the Working Group on Future of Regions
  - Presentations of committee members on prevention of rapid population decline and promotion of innovation
- **October 28: 12th Committee Meeting**
  - Summarization of discussions so far
  - Outlines of the committee report
  - Overview of findings from surveys and analyses, including an opinion poll, questionnaire survey, hearings at a symposium
- **November 14: 13th Committee Meeting**
  - Reports from working groups
  - Committee report