

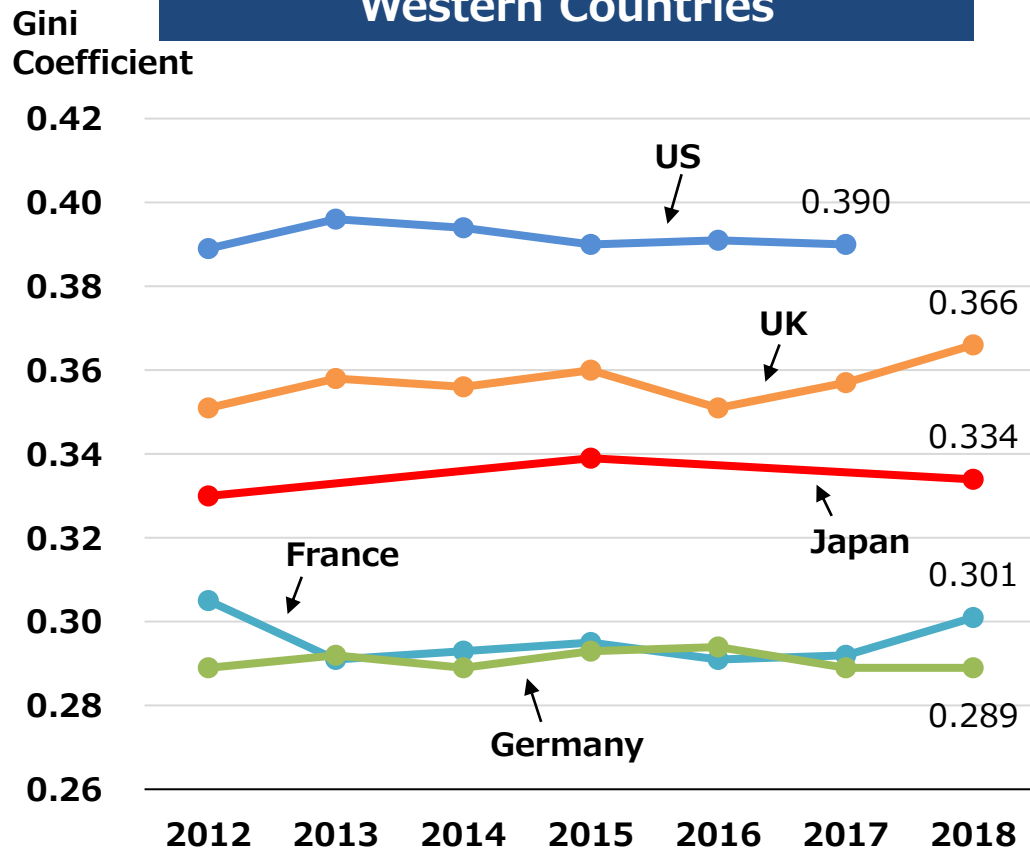
Inclusive Growth (Local Areas, SMEs, Culture, and Sports etc.)

Economic and Industrial Policy Bureau

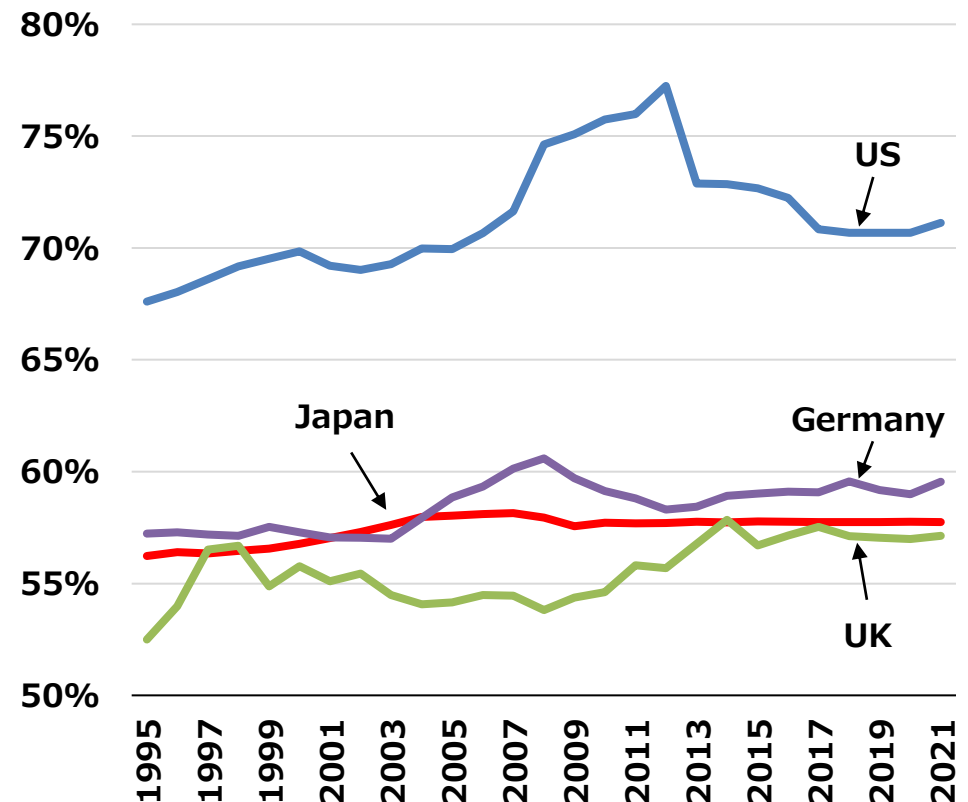
Income Inequality and Uneven Distribution of Wealth

- Gini coefficient after income redistribution in Japan remains at a stable level.
- The wealthiest 10% of Japanese own 58% of total wealth in Japan, and this ratio is gradually increasing.

Gini Coefficient in Japan and Western Countries



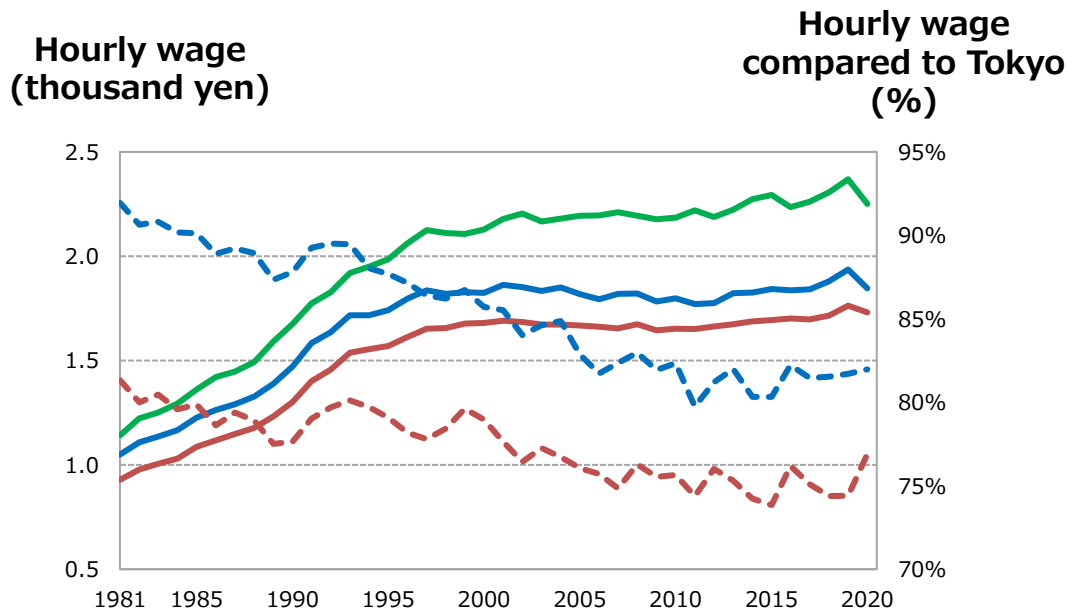
Wealth Distribution of Top 10%



Wage Inequality Between Regions, Delay of DX in Local Companies

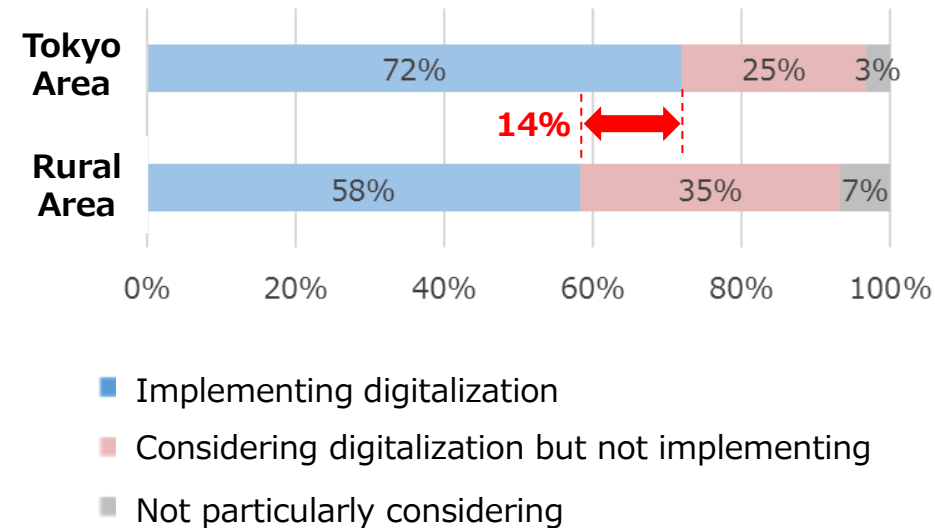
- There is disparity between wages in urban and rural areas.
- Rural companies lag behind in implementing digitalization and digital transformation.

Wage Inequality in Urban and Rural Companies



- Wage in Tokyo
- Wage in other cities
- - - Wage in other cities compared to that in Tokyo (right scale)
- Wage in major prefectures except Tokyo
- - - Wage in major prefectures except Tokyo compared to that in Tokyo (right scale)

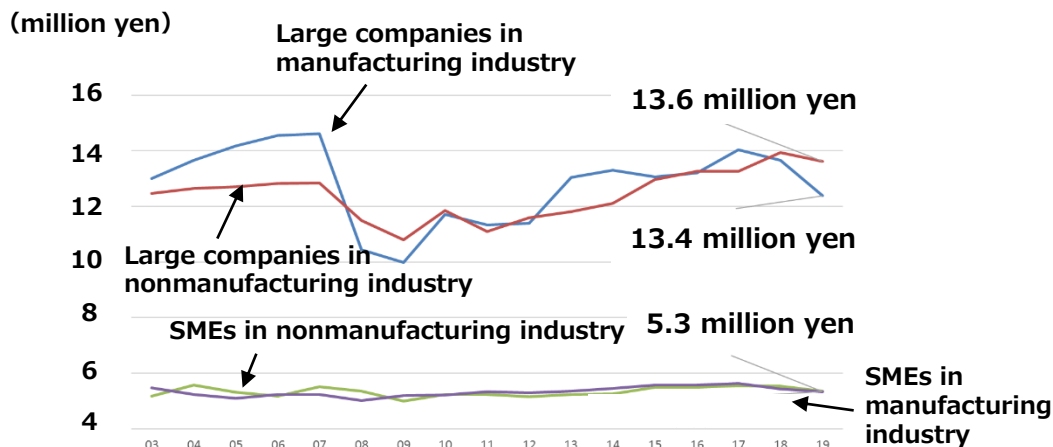
Current Situation of Digitalization in Urban and Rural Companies



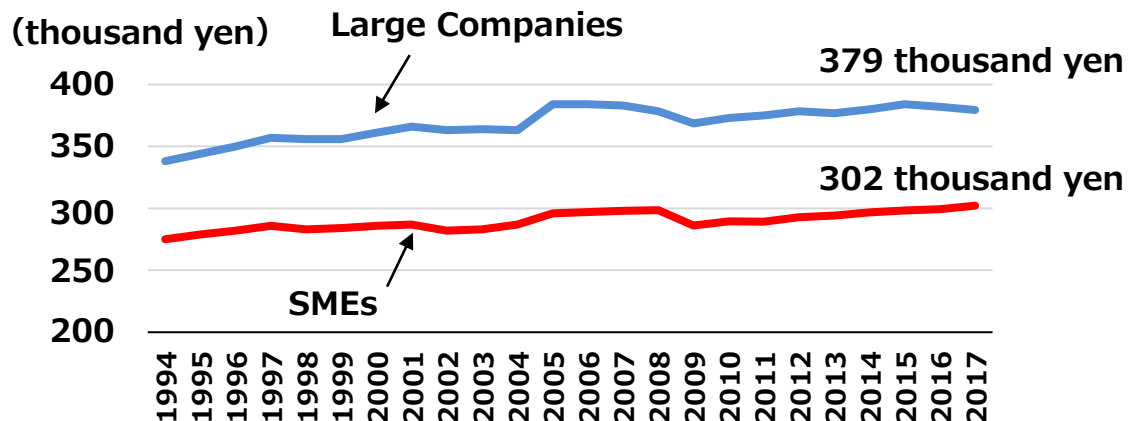
Productivity Disparity between Large Companies and SMEs

- Productivity and wage disparity between large companies and SMEs still exist.
- Productivity of SMEs in Japan is lower than that in other developed countries.

Labor Productivity (2003FY-2019FY)

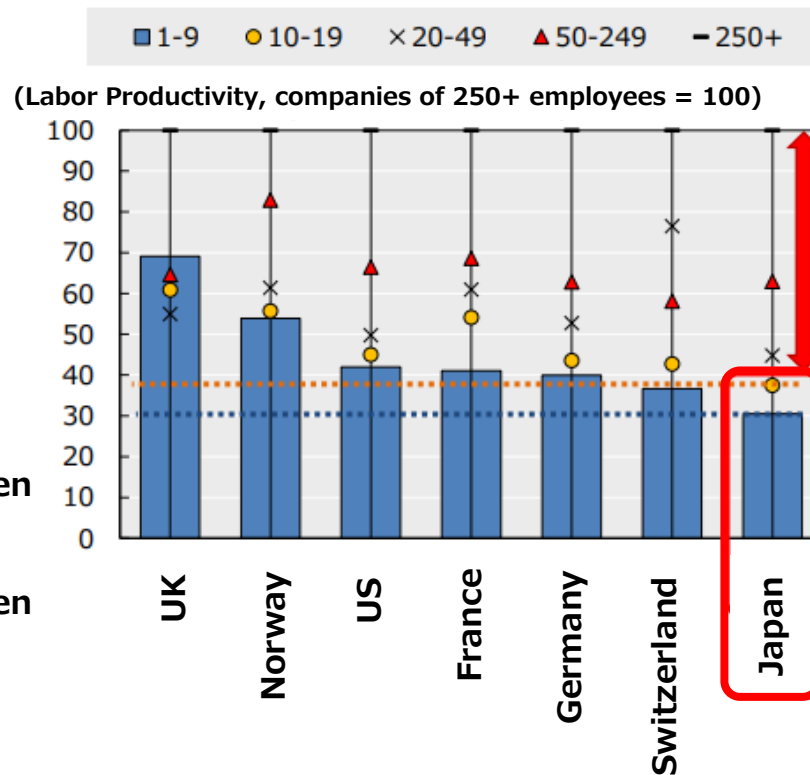


Monthly wages (1994-2017)



Productivity Disparity by Enterprise Size (Manufacturing Industry)

Number of Employee



Effort to Unleash Diverse Talents and Local Values (Art × Local)

- Art can be used for revitalizing local communities and creating cultural resources and has the potential to develop various individual talents and values unique to the region and to become a source of value in the future. On the other hand, challenges exist in creating a system where a wide range of necessary funds are circulated including human resource development.

Creating Cultural Resources and Revitalizing Local Communities

- There are some cases where artists and designers have succeeded in creating new culture by utilizing local cultural resources.
- Tomotaka Koizumi, a world-famous fashion designer, has collaborated with local such as clothes and food by utilizing the traditional industry of Kyoto.
- Setouchi Triennale creates works of art based on the heritage and history of the region, attracting people from outside the region and revitalizing the region.
- Local communities are increasingly being revitalized by designing interaction between residents through art.
- In Sabae City, Fukui Prefecture, an event called "RENEW" has been held to promote exchanges between local craftsmen and visitors.
- Arts Chiyoda 3331 promotes regional revitalization by familiarizing Japanese communities with cultural and artistic activities.

Collaboration between world-famous fashion designers and traditional industries in Kyoto

- Fashion designer Tomotaka Koizumi, who created MISIA's costume for the Tokyo Olympics opening ceremony, utilized the traditional industries of Kyoto.
- Areas that he collaborated with vary from Kyo-Fan to 7-color raw Yatsunashi with the image of frills, Yuba from Senmaruya, candy from Imanishi Confectionery, and roasted green tea from Harimaen.



Setouchi Triennale

- Since 2010, it has been held once every three years on the islands and regions of the Seto Inland Sea. At the 2019 event, about 1.18 million people visited (23.4% from overseas). It creates an economic spillover effect of approximately 18 billion yen.
- The number of immigrants on each island has increased, and most of them have settled. As a result, some elementary and junior high schools that were closed have reopened.



Photo Shintaro Miyawaki

"RENEW" in Sabae City, Fukui Prefecture

- The design studio "TSUGI", centered on designers migrated from Osaka, has been holding "RENEW" every fall since 2015 in Sabae City, Fukui Prefecture.
- Local companies such as lacquer ware, eyeglasses, and Japanese paper participate and create opportunities to interact with visitors by opening the workshop. In recent years, 30,000 to 40,000 people have visited from inside and outside the prefecture.



Arts Chiyoda 3331

- This is an art center that opened in 2010, utilizing a formerly closed junior high school. It is operated by the limited liability company Command A, and is directed by the artist Masato Nakamura.
- Art galleries, offices, cafes, etc. are placed in classrooms, and hold exhibitions, workshops, lectures, art fairs, etc..



Direction of Policy Responses

- **(Issue 1) Promotion of management utilizing diverse human resource as “Human Resource Management”:**
 - We shall generate value through human resource management that utilizes diverse human resources, which would lead to mid-to-long term improvement of corporate value by regarding human resources as "capital" and maximizing their value.
- **(Issue 2) Promotion of regional industrial policy based on strategic area setting:**
 - To effectively implement industrial policies based on the regional population and industrial structure while the population decreases and ages, we shall strategically set regional areas (referred to the discussion such as “regional living areas” or “tourist areas”). Also, we shall promote the autonomous development of industrial policies by regions while incorporating viewpoints of productivity improvement by digitalization, developing and securing human resources, and solving regional issues.
- **(Issue 3) Sustainable development of SMEs supporting local lives and employment:**
 - We shall mobilize all measures for the sustainable development and productivity improvement of SMEs that bring affluent living and employment to the region.
 - In particular, in order to respond to changes in the business environment, it is important for SMEs to (1) actively review and self-transform their management, and (2) share and collaborate with management resources necessary for the overall optimization of the region and value chain. We shall promote the development of human resources and mechanisms for that purpose.

Direction of Policy Responses

- **(Issue 4) Promotion of inclusion in society as a whole:**

- We shall thoroughly review issues towards enhancing inclusion in society.
- To include diverse opinions in policies, we shall promote inclusiveness in policymaking processes such as securing diversity in councils or utilizing diverse channels.

Ex) We shall expand gender and age diversity within council members.

We shall collect public opinions using digital platforms.

- **(Issue 5) Promotion of “Cultural Economic Policy”:**

- We shall promote “Cultural Economic Policy” to unleash diverse talents and values original to local areas, and establish autonomous ecosystems or industries of art and sports which will become future sources of value.
- We shall generate schemes to utilize digital technology and circulate necessary fund broadly, especially in human resource development.