Special Issue

KIZUNA
Linking Japan and the World

Early Spring
2022
KANAZAWA SHOKO
Calligraphy Artist
Born in Tokyo in 1985, she started learning calligraphy from her mother when she was five years old. One of the notable young calligraphers of today, her solo exhibitions have been held throughout the world, in cities such as New York, Singapore, and Prague. She was selected as one of the official poster artists for Tokyo 2020.

Welcome to KIZUNA, the official magazine of the Government of Japan. This bold work of calligraphy is 絆 (kizuna) written in Japanese. Kizuna means the enduring bonds between people—close relationships forged through mutual trust and support.

Originally describing the rope used to tether domestic animals such as horses and dogs, the meaning of kizuna has evolved over the years. A passage in The Tale of the Heike, compiled in the 13th century, uses the term to refer to the bonds of love between a father and his children. More recently, kizuna has gone beyond bonds tying together family and close acquaintances; it is now used in a broader sense of human ties and connections. Of particular note is the kizuna born among people during natural calamities, which fosters feelings of solidarity and serves as the underlying strength to overcome hardships.

Similarly, the kizuna cultivated among the countries of the world has the power to deepen cooperation for a better future. By reporting on a wide variety of topics concerning Japan, we hope that this magazine will provide opportunities for Japan and the rest of the world to connect and build strong kizuna.
04 Building a Post-COVID-19 New Japan: Policy Speech by PM Kishida

06 Prime Minister KISHIDA Fumio’s Personal Timeline

08 Special Address at Davos Agenda on a New Form of Capitalism

IN FOCUS: NEW FORM OF CAPITALISM

12 Lessons from SHIBUSAWA Eiichi, the Man Who Formed the Foundation of Japanese Capitalism

14 Economic Measures to Overcome COVID-19 and Pioneer a New Era

16 Vision for a Digital Garden City Nation: Achieving Rural-Urban Digital Integration and Transformation

IN FOCUS: VISION FOR A DIGITAL GARDEN CITY NATION

18 Tackling Local Challenges Through Digital Transformation

PORTRAITS OF JAPAN

20 Japanese Spring Blooms on the Dining Table

TO READ MORE CONTENT, CHECK OUT OUR WEB MAGAZINE
https://www.japan.go.jp/kizuna/

Special Issue KIZUNA
Early Spring 2022

Cover
Prime Minister Kishida attended the World Economic Forum (WEF)’s online Davos Agenda meeting and delivered a special address. In response, Professor Klaus Schwab, Founder and Executive Chairman of the WEF, expressed his high expectations for Japan’s comprehensive efforts toward economic and social reforms.
Introduction
The highest priority issue for the administration is responding to COVID-19. It is precisely because we are facing the hardship of COVID-19 that, rather than stand transfixed, we should build a post-COVID-19 new Japan, with everyone taking up this challenge in cooperation.

Fundamental approach to COVID-19 responses
I advance our responses based on the most up-to-date knowledge in a level-headed manner, as I listen to the views of experts. Even for policies on which decisions have already been taken, I intend to once again develop our response flexibly and without hesitation if a better approach exists.

Responses to the Omicron strain
By adopting the most stringent border measures among the G7 countries, we have minimized the inflow of the Omicron strain and we have had time to prepare for an increase in the number of domestic cases of infection. We will maintain the framework of border measures until the end of February.

Beyond that, from now we will place importance on domestic countermeasures. We will redouble our efforts to ensure that our medical treatment structures are solidly in place, with a focus on providing unerring medical treatment to patients with severe or moderate symptoms and persons at high risk.

Reinforcing our domestic framework of prevention, testing, and early treatment will also be critical. We will further accelerate the schedule for administering the third vaccine dose. The orally administered therapeutic has already been delivered to medical facilities.

A new form of capitalism
From the perspectives of both our Growth Strategy and our Distribution Strategy, we will embed structures into capitalism that correct its various harmful effects, thereby maximizing the benefits that capitalism brings.

Under our Growth Strategy we will work to resolve social issues, including digitalization, climate change, economic security, and science, technology and innovation, and also bring together investments from both the public and private sectors into fields where Japan has been weak thus far to transform them into engines for growth.

We will also confront the problems of distribution and disparities head on, leading to subsequent growth. In this way, we will set the economy in motion from both the growth and distribution fronts, and by giving rise to a virtuous cycle, we will create a sustainable economy.

The first pillar of the Growth Strategy is revitalizing regions through digitalization. We will vigorously promote a Vision for a Digital Garden City Nation while also realizing bottom-up growth, from the regions to the nation as a whole.

Economic security is also a major pillar. We will enact new laws to, among other things, provide support for making the supply chain more resilient, prepare a safety pre-screening system for critical equipment and systems within core infrastructure, and prepare a patent non-disclosure system for inventions that are sensitive in terms of national security.

If we are to elevate social issues to become engines of growth, the power of science, technology, and innovation will be absolutely essential. Establishing a five-year plan, we will work to get startups off the ground on a large-scale.

The key to realizing a sustainable economy is our Distribution Strategy. First and foremost is wage increases. Second, we will undertake a fundamental strengthening of investments in people. We will at least double public and private investments made in people at an early time. Third, we will maintain the middle class of the next generation, which will shoulder the responsibilities of the future.
universal values and principles of freedom, democracy, human rights, and the rule of law. I will hold talks with President Biden, and we will further reinforce the deterrence and the response capabilities of the Japan-U.S. Alliance.

The abductions issue is one of the highest priority issues. Working in cooperation with other countries, I will do everything in my power to realize the return of all the abductees to Japan at the earliest possible date.

The concept of a “Free and Open Indo-Pacific” is supported by many nations. The Quad of Japan, Australia, India, and the United States is advancing its cooperation, with practical cooperation taking concrete shape. We will also strengthen our cooperation with ASEAN and the countries of Europe. The peace and stability of our neighboring region is also important.

As the second pillar, we will actively work to tackle global-level challenges. I will establish the International Group of Eminent Persons for a World Free of Nuclear Weapons, with the participation of current and former political leaders from around the world. We will convene the first meeting in Hiroshima, aiming at sometime within this year.

The third pillar is efforts to resolutely and fully defend the lives and livelihoods of the Japanese people. We will spend roughly a year drawing up a new National Security Strategy, National Defense Program Guidelines, and Mid-Term Defense Program.

We will realistically examine all options, including possessing what is called “enemy base attack capability,” without excluding any possibilities. We will fundamentally reinforce our defense capabilities with a sense of speed, including through the supplementary budget enacted last month and the budget for fiscal year 2022.

Within this Diet session too, I wholeheartedly look forward to active debates on the Constitution being held.

Now, as we carve out a new era, we politicians and the administration are called upon to reform and control ourselves. I will engage in my duties humbly, aiming at politics of trust and sympathy. I make a sincere request to all the Japanese people for their understanding and cooperation.
Kishida was born in Tokyo in the early years of Japan’s economic boom—when the country was getting back on its feet after the war—as the son of KISHIDA Fumitake, a government official at the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry). His grandfather, KISHIDA Masaki, was a successful department store proprietor who also served as a member of the House of Representatives.

**July 29, 1957**

*Born in Tokyo*

Kishida attended a local public elementary school from the first to third grades, where he was impressed by the liberal ambience of the U.S. and learned to respect diversity.

**1963**

*Moves to New York*

When his father was assigned to work in the United States, the family moved to New York. Kishida attended a local public elementary school from the first to third grades, where he was impressed by the liberal ambience of the U.S. and learned to respect diversity.

**1973**

*Student Days*

After returning to Japan, Kishida attended public elementary and middle schools before going on to Kaisei Senior High School, a prestigious private academy. He was an enthusiastic member of the baseball team, an experience that taught him the importance of working together as a team.

In 1978, he entered the School of Law at Waseda University. When his father ran for the House of Representatives for the first time the following year, Kishida helped him to campaign.

**1982**

*Gains Work Experience at a Bank*

After graduating, Kishida joined the Long-Term Credit Bank of Japan (currently Shinsei Bank). He worked in foreign exchange in Tokyo and was subsequently transferred to the city of Takamatsu in Kagawa Prefecture where his clients included maritime shipping firms. He gained firsthand knowledge of the unfavorable economic reality there by watching small and medium-sized enterprises sometimes founder and fail due to cash-flow problems.
Helping his father’s campaign and working for a bank awakened in Kishida an urge to serve the people directly by protecting their lives and improving society as a whole. That set him on his way to politics. In 1993, after his father’s death, he ran for his father’s seat in a district in Hiroshima and won his first political battle. He valued political stumping as a way to speak directly to voters—an approach that broadened his appeal and led to his winning the seat 10 times.

1993
J mosth the Politi cal World

Kishida joined the Cabinet for the first time as a Minister of State for Special Missions, a position in which he took on assignments in various fields including Okinawa and Northern Territories Affairs, Quality-of-Life Policy, and Science and Technology Policy. He became Minister for Consumer Affairs in 2008, a position from which he worked for the establishment of the Consumer Affairs Agency.

2007
Receives First Cabinet Posting

In 2015, Kishida strove for the bilateral agreement between Japan and the Republic of Korea regarding the issue of comfort women which was “resolved finally and irreversibly.” In 2016, he helped to actualize a visit to Hiroshima by President Barack Obama, the first ever such visit by a sitting U.S. president. Kishida served as Minister of Foreign Affairs consecutively for four years and seven months, making him the longest-serving foreign minister in postwar Japan.

Kishida favors a hands-on approach and has visited many places throughout the country.

2012
Appointed as Minister of Foreign Affairs

Upon winning the election for Liberal Democratic Party president, Kishida was appointed Prime Minister of Japan by an extraordinary session of the Diet. He vowed to lend a sincere ear to the voices of the Japanese people and to conduct politics in an attentive and broad-minded manner.

October 4, 2021
Becomes Prime Minister

His favorite food is Hiroshima-style okonomiyaki (Japanese savory pancake). He ate the dish on the day that he was elected to head the Liberal Democratic Party. “I’ll never forget how wonderful it tasted,” he says.

Kishida filled nearly 30 notebooks in 10 years with comments and appeals from the people of Japan.
On January 18, Prime Minister Kishida attended the World Economic Forum (WEF)’s Davos Agenda meeting, which was held online. In his special address, he introduced his vision with an emphasis on the revival of the Japanese economy through a “New Form of Capitalism.”

Pointing out global challenges ranging from climate change to social digital transformation, a widening of the income gap and rising poverty, he underscored his determination to lead the global trend with this “New Form of Capitalism,” demonstrating concrete examples of how capitalism can evolve.

The prime minister also stated that in this “New Form of Capitalism,” he would achieve a “virtuous cycle of growth and distribution,” by launching new mechanisms to inspire investment and change the way of sharing added values. He also elaborated on his priority policies: establishing a green society; promoting digitalization; and investing in people, and pledged to boldly pursue the inclusive transformation of Japan’s economy and society.

Professor Schwab,
Distinguished guests,
First of all, let me extend my heartfelt congratulations on the holding of the World Economic Forum’s “Davos Agenda 2022” today.

1. Introduction
Last year, I went through some of the toughest challenges that risked my political career. First, I ran for presidential election of the ruling party (Liberal Democratic Party: LDP) and won, taking the office as the Prime Minister. Then my party won the general elections by securing a stable majority. My political style is to take an aggressive approach and introduce policies swiftly, while placing the utmost importance to directly communicating with the people and workers at the frontline.

I will make the most of my approach to directly tackle three agendas during my administration. First,
overcoming the COVID-19. Second, reviving the Japanese economy through a “New Form of Capitalism.” Third, pursuing “realism diplomacy for a new era,” taking a realistic approach in Japan’s foreign policy while aspiring to the ideal.

Today, I would like to introduce my vision with an emphasis on the revival of the Japanese economy through a “New Form of Capitalism.”

2. What is a “New Form of Capitalism”?

We are facing a number of challenges ranging from climate change, social digital transformation, widening of income gap and rising poverty, chronic lack of medium-to-long-term investment, disparities between urban and rural areas, democracy in crisis due to shrinking middle classes, to unforeseen emerging tensions in geopolitics and geoconomics.

If we look back on history, the world has gone through series of eras of paradigm changes, including, for example, endeavors to establish welfare states and big governments in the 1950s and 60s, as well as the rise of neoliberalism by President Reagan and Prime Minister Thatcher in the 1980s and 90s. Just as the same historic scale as these times, I believe that we are now in an era of another paradigm shift in policies.

I would like to pay respect to the role this Davos Forum has played in leading vigorous and visionary discussions on various topics including the Great Reset and the Stakeholder Capitalism.

Some people point out that “state capitalism with unmonitored concentration of authority” is efficient in conducting social reforms. However, it is proven in history that state capitalism without a function of checks and balances carries a high risk of large side effects both at home and abroad.

That is why I will endeavor to transform the economy and society toward a new era, while protecting the universal value of democracy. In other words, my goal is to achieve the “Great Transformation of Liberal Democratic Society.”

The Biden administration’s “Build Back Better” as well as the European Union’s “NextGenerationEU” are, I believe, also initiatives to achieve the same goal of realizing historic social transformations.

I will steadily promote economic and social reforms, while being subject to critical judgement by our citizens through elections. In order to do this, leaders of governments, industries and labor must work together to generate a massive momentum and create a tide of history for a global paradigm shift in policies.

Japan is determined to lead the global trend with this “New Form of Capitalism” and will demonstrate concrete examples of how capitalism can evolve, as Japan will assume the G7 Presidency next year.

3. Efforts to revive Japan’s economy

“If general perception changes from seeing the glass as ‘half-full’ to seeing it as ‘half empty,’ there are major innovative opportunities.”

This is the theory of the “glass half empty,” quoted by the famous scholar in management, Peter F. Drucker. Japan is a prosperous, peaceful country and comfortable to live in; this is one of the reasons why people in Japan tend to cuddle themselves in their own silos, satisfied, and see things as “half-full.” However, through our fight against COVID-19, things have dramatically changed in this time and age.

Nowadays, every day, we feel a sense of global crises in our lives. When each person and each business share this feeling of “half-empty,” I am convinced, Japan will be able to greatly transform itself with its bond of solidarity that is inherent in our spirits.

In this “New Form of Capitalism,” I will demonstrate to the people a clear and full picture of the historic challenges the Japanese economy and society are currently facing. Rather than leaving everything to the market and competition, we will focus on having both the public and private sectors work together towards reforms, sharing the full picture of social and economic transformation. Japan’s
A strong sense of solidarity becomes a foundation of a new public-private partnership.

I will also launch new mechanisms to inspire investment and change the way of sharing added values. I will integrate them into both growth and distribution strategies to achieve a full-scale “twin-engine of growth and distribution.”

4. Transformation of economy and society

(1) Green society

To fulfill the Paris Agreement, Japan has committed itself to the goals of achieving 46 per cent reduction in emissions by Fiscal Year 2030 and carbon neutrality by 2050. The journey to achieving these goals is extraordinarily challenging. Japan does not have international grid connections. There remains strong public distrust of nuclear power following the accident in Fukushima. The cost of renewable power generation is inevitably high because Japan is an insular state with steep mountains and surrounded by deep sea. These factors create vulnerability in the Japanese economy.

In order to overcome such vulnerability on the supply-side, the private and public sectors will intensively work together to transform and innovate toward a carbon neutral society on both demand and supply side.

Our efforts include institutional reforms and supporting policy in order to double investment as early as possible, as well as accelerating the development of next-generation grids. In addition, I will also work on carbon pricing and labor market reforms to transform industrial structure and individual consumption. Japan is determined to boldly adopt policies that have been politically difficult in the past, against the backdrop of the public’s sense of urgency to tackle climate change.

I am also aware that many Asian countries have energy structures that are similar to Japan. Just as the European Union started as the European Coal and Steel Community during the Cold War, Japan envisions an “Asia Zero Emissions Community” in Asia where both geopolitical and geo-economic challenges are intensifying. This community would become a platform to advance efforts such as international joint investment on development of zero-emission technologies and hydrogen infrastructure, joint financing, standardization of related technologies, and establishment of an Asian emissions trading market.

(2) Digital

Another important pillar is digitalization. In Japan, progress in digitalization had been insufficient. People in Japan did not really feel a pressing need for transformation, and just wanted to keep the way of working they were used to. The COVID-19 pandemic, however, sparked many people once again how far behind we are in digitalization while realizing the convenience of digital technologies. In addition, we realized that the power of digital technology is indispensable in solving Japan’s social problems amid rapid progress of depopulation of rural areas and an aging population.

Now is a “chance” for Japan. Taking this opportunity, I will push forward Japan’s digitalization at a stretch. The key to this is infrastructure.

Japan will build submarine cables around the country as well as optical fiber networks throughout the archipelago. In order to prepare for the surge in data processing with the advent of the full-scale digital age, Japan will disperse large-scale data centers throughout Japan. In addition, Japan will promote next-generation networks using optical communication technology that is 100 times faster in speed and reduces electricity consumption to one tenth.
Japan’s public and private sectors will jointly set numerical targets and develop such infrastructure in a planned manner. Japan will make it possible for people to use ultrahigh-speed and large-capacity lines on a “one person, one line” basis.

As our existing systems do not meet the needs of new businesses and services, my government will review 40,000 regulations and systems under the new guiding principle of digitalization, which sets up the principles of how Japanese society is to be digitalized. I consider it important to create a new market by setting new rules with an eye on frontier technologies like drones and automated driving as well as recent developments in such areas as healthcare and education.

In addition, I will take the “Data Free Flow with Trust (DFFT)” that Japan proposed three years ago in Davos another step forward. Based on trust as a foundation, we will realize a free flow of data which will bring about innovation and bridge the wealth gap.

(3) Investment in people

Investment in people is the key to achieve both a carbon neutral society and digitalization. In our time, creativity and ingenuity of human beings provide the clue to solving problems and the source of innovation.

For years, Japanese companies have tried vigorously to curb cost and supply cheaper products than their competitors. In this endeavor, “investment” in people has often been regarded as a cost. As a result, wage level remains stagnant, and investment in human resources development has also been limited.

As we move forward, we must build a virtuous cycle where investment in people leads to continuous increase in company value and attracts further investment in human capital. The government will introduce systems to support human capital that fits this age of digital transformation, such as creating new employability skills training program, promoting the appointment of female executives, and utilizing side businesses.

In doing so, it is important to create a common understanding not only among business people but also with market players that investment in people is a source of corporate value. This is essential in creating a system that attracts more funds to companies that promote medium-to-long-term corporate value enhancement. To this end, Japan will create a disclosure system for investments in non-financial assets such as human capital.

5. Toward a sustainable Japanese economy

Japan’s “Abenomics” was based on the three pillars of monetary easing, fiscal expansion, and growth strategies, including global standard corporate governance. As a result, the Japanese economy is no longer in a deflationary situation, and has achieved the expansion of women’s labor participation and employment.

“Abenomics” achieved great results, but it is clear that the efforts made thus far are not enough to transform the Japanese economy into a sustainable and inclusive one.

My cabinet will build on Abenomics’s achievements regarding macroeconomics and market, and boldly pursue the transformation of Japan’s economy and society, including green transformation and digital transformation.

Against the backdrop of the people’s sense of crisis, I will design and implement a mechanism that will bring out the people’s endeavor and promote investment, especially, in the areas of vulnerability in the Japanese economy.

6. Conclusion

The time to design a world beyond the Great Reset cannot wait.

To open up this new era, it is vitally important to have as many people as possible to connect amongst each other based on trust through continual conversations which transcend differences in values, circumstances and views.

The Davos Forum has embodied such spirit and attracted political and economic leaders from all over the world for a long time.

I am convinced that there is heightened importance for both political and economic sectors to discuss public affairs and act together beyond their differences. In this context, this Forum will become even more significant.

Finally, I would like to conclude my remarks by wishing the continued success of Professor Schwab and the members of the World Economic Forum as well as all the guests.

Thank you very much for your attention.
The global economy is now at a major turning point. Capitalism has long brought prosperity to the world, and since the 1980s, neoliberalism, with its focus on free-market competition, has been the wellspring for growth. Yet, it also has increased poverty and social disparities, and made the issue of climate change more serious by placing larger burdens on the natural environment.

Amid such a situation, the world has begun seeking out a new model for capitalism. Prime Minister Kishida of Japan, who assumed office in October of 2021, announced his determination to realize a “new form of capitalism,” stating that the government will generate growth by solving such issues as climate change, and will distribute the fruits of this growth to human capital so as to achieve further growth. By creating such a virtuous cycle of growth and distribution, he aims to build a sustainable economy.

More than a century ago in Japan, there was a man who similarly pursued not only profits but also public interests, aiming to realize a fair and inclusive form of capitalism. This was SHIBUSAWEA Eiichi, an industrialist active from the late 19th to early 20th centuries, and who is known as the “father of Japanese capitalism.” At that time, Japan was confronted with the daunting task of rebuilding its political, economic, and social foundations in order to modernize the country after the end of more than 200 years of national seclusion in 1854.

A key figure taking up this challenge was Shibusawa. Recognized at a young age for his resourcefulness, he was mandated by the government to travel to Europe when he was 27 years old, where he witnessed advanced industrial and economic systems. Upon his return to Japan, he quickly climbed the bureaucratic ladder to become a high-ranking official in the Ministry of Finance, but resigned at the age of 33 to promote private-sector business. He then established
Left: June 1878, in the early days after the Tokyo Stock Exchange was opened as Japan’s first official stock-exchange organization. 

THE MAINICHI NEWSPAPERS

Right: Photo of Shibusawa (front row, third from the left) together with faculty members from Japan Women’s University at the time of its founding. In addition to serving as president of this university, Shibusawa was the director of Tokyo Jogakkan Schools for Women, which he also helped to found.

JAPAN WOMEN’S UNIVERSITY

Japan’s first bank in 1873 and the stock exchange in 1878. He applied himself to directing funds to a broad range of new industries, from sectors concerned with infrastructure to textiles and insurance, and was involved in the establishment and management of nearly 500 companies.

“Many of the companies that Shibusawa helped establish in a diversity of fields remain today. This cannot be found in any other country in the world,” says Christina Ahmadjian, professor at Hitotsubashi University Graduate School of Business Administration, and the director of the Shibusawa Scholar Program. Moreover, the world-renowned economist Peter Drucker mentioned in his book, The Age of Discontinuity, that “[Shibusawa’s] achievements were a good deal more spectacular than those of Rothschild, Morgan, Krupp, or Rockefeller.”

Ahmadjian notes, “Rather than on profiting for himself, his business ideas were always based on how to create a society in which people are happy. He believed in the power of business as the engine to solve social problems and create a better world.” What Shibusawa advocated was gapponsbugi, which can be defined as the pursuit of profits and the raising of capital through stock—similar in concept to ordinary capitalism—while also calling for the pursuit of public interests and the distribution of profits to all stakeholders. “Shibusawa’s goal was to create a fair and inclusive economy that would enrich the lives of a broad range of people and provide them with various opportunities,” says Ahmadjian.

Believing that nurturing talent for new businesses would lead to the creation of a prosperous nation, Shibusawa also focused on education. He established many schools specializing in business, including the Commercial Training School (now Hitotsubashi University), and gave lectures and guidance at various organizations and meetings. Additionally, so that women—who make up half of the population—could contribute more to society, he also advocated the necessity of their higher education and supported the establishment of such schools as Tokyo Jogakkan Schools for Women and Japan Women’s University. According to Ahmadjian, “Looking now at the SDGs, you can see that Shibusawa had already put most of them into practice, including gender equality. The essence of the challenges facing human society is the same in any era. Shibusawa was able to grasp that essence.”

How can we create a world that will bring happiness to people? As new ordeals shake the global economy, now may be the time for us to look to Shibusawa’s doctrine for new hints on how to address this basic question.

Christina Ahmadjian, professor at Hitotsubashi University Graduate School of Business Administration, and the director of the Shibusawa Scholar Program, which has the goal of nurturing global leaders. “Now, more than ever, the world needs leaders like Shibusawa,” she says. “Shibusawa is a really good role model, not just for his visions but for his ability to act on them. The world has a lot to learn from him.”
On November 19, the Japanese government determined new economic measures amounting to a project with a scale of 78.9 trillion yen, accompanied by a fiscal expenditure of 55.7 trillion yen. Japan’s national economy, having suffered damage due to the COVID-19 epidemic, remains beset by numerous difficulties. The number of new infections is on the wane, however, and restrictions on the activities of Japanese people are gradually being eased.

The government will turn this situation into an opportunity and use the momentum of the new measures to restart socioeconomic activity at a near-normal level, as quickly and as early as possible, while still in the COVID-19 era. A “New Form of Capitalism” will be launched to achieve a virtuous cycle of growth and distribution, thereby setting the economy on a self-sustaining growth trajectory.

In order not to lose any of the momentum that Japan has gained so far, the government will adopt all feasible means of risk management to deal with a possible resurgence of COVID-19. In addition, the government will pay close attention to the downside risks that a new wave of infections or a disturbance in supply chains would pose, thus preventing the bottom from falling out of the economy.

The four pillars of the new economic strategy and their economic effects are as follows:

I  Prevention of the spread of new coronavirus infections

In view of the suppressed infection rate due to the increase in vaccinations, the government will reinforce the medical care system, promote further vaccinations, and ensure the procurement of therapeutic drugs. In conjunction with these efforts, the government will disburse cash benefits, in proportion to the scale of operations, to business owners who have suffered a significant impact. Financial aid will also be offered to people in dire circumstances.

II Resumption of socioeconomic activities in a “Live with Coronavirus” environment and preparation for the next crisis

Vaccines and testing packages will be used to monitor and control the risk of infection spread. To stimulate the resumption of socioeconomic activity, the government will endeavor to boost demand in business sectors that have suffered significant losses due to COVID-19. The government will promote the domestic development of vaccines and therapeutic drugs in preparation for the possible appearance of new variants and/or new infectious diseases. Japan will also contribute to international efforts to end the worldwide spread of COVID-19.
III Launching a “New Form of Capitalism” to carve out a future society

By growing the economy and distributing the fruits of that growth, Japan will achieve a widespread increase in national income, leading to further economic growth. In order to realize this virtuous cycle of growth and distribution, the government will promote a growth strategy for a post-COVID society by making bold investments toward three primary pillars: the realization of a “science and technology nation,” the launch of a “Vision for a Digital Garden City Nation,” and the attainment of economic security. The government will also implement a distribution strategy that strongly supports the strengthening of distribution in the private sector, as well as bolstering the distributive functions in the public sector.

Regarding the growth strategy, the realization of a “science and technology nation” will include the establishment of a 10-trillion-yen university fund, investment in clean energy, and thorough support for startups. The “Vision for a Digital Garden City Nation” will involve the development of digital infrastructure, the promotion of online administrative procedures, the encouragement of local regions to become the originators of change, the revitalization of agriculture, forestry and fishery industries, along with that of the tourist industry, and assistance to small and medium-sized enterprises to enable them to refurbish themselves and improve productivity. Furthermore, a fundamental reinforcement of economic security will provide the nation with autonomy, competitiveness, and indispensability, and ensure that Japan achieves an autonomous economic structure.

The distribution strategy calls for a strong investment in people, thereby bringing security and growth. The measures that the government will undertake include support for pay increases, investment in human capital and work-style reform, increased distribution to non-regular employees, a review of the state of public prices, and support for children and their caregivers. These measures will build a society that leaves no one behind and will strengthen distribution to workers as well as to those who have not benefited from economic growth in the past.

IV Ensuring safety and peace of mind through measures to prevent and reduce disasters and to enhance national resilience

Measures to prevent and reduce disasters and to enhance national resilience will be taken against storm and flood damage, which has become increasingly catastrophic and frequent due to the effects of climate change, as well as against large-scale earthquakes and tsunamis.

Every effort will be poured into the restoration and reconstruction necessitated by the Great East Japan Earthquake of March 2011 and other natural disasters, including the torrential rains of summer 2021. Furthermore, as the security environment surrounding Japan is becoming increasingly severe, the country will resolutely defend its territory, territorial waters, and airspace, as well as the lives and assets of the Japanese people.

Economic effect of the new measures

The smooth and steady application of these measures will strengthen the economy, offset the downside risks, deal effectively with the threat posed by COVID-19, stimulate private-sector demand, and place the economy on a self-sustaining growth trajectory led by that demand.

New expenditures related to the above measures are estimated to support and boost real GDP by approximately 5.6%.
To maintain future prosperity in the outlying regions of Japan and to encourage many people around the world to gain a deeper understanding of and connection with the country’s rural areas, Prime Minister Kishida has put forward his Vision for a Digital Garden City Nation, which aims to achieve rural-urban digital integration and transformation.

The vision focuses on four broad initiatives, as follows:

**I Building digital infrastructure**

The first is the building of digital infrastructure that stretches to every corner of the country, comprising the following four goals: 1. The completion, in roughly three years, of a digital superhighway using submarine cables surrounding the islands of Japan; 2. The building of more than a dozen regional data centers in about five years; 3. Making optical fiber a universal service by 2030, with 99.9% coverage of households, and; 4. Achieving 5G coverage for 90% of the Japanese population by the end of fiscal 2023 (March 31, 2024). With those objectives completed, it will be possible to use high-speed, large-capacity digital services anywhere in Japan.

**II Developing and securing human resources with digital skills**

The second initiative is the development and securing of tech-savvy human resources. Aiming at the acquisition of powerful digital skills on the part of university students and those receiving vocational training, etc., the initiative will establish a program to annually train 450,000 personnel to be responsible for the promotion of digitalization in local regions, by the end of fiscal 2024 (March 31, 2025), reaching a total of 2.3 million by 2026.
III Implementing digital services to solve rural issues

The third initiative builds on the first two initiatives to provide new digital services. For example, the following goals will be being worked towards: 1. Realizing an agriculture sector by 2025 in which almost all farmers in the country will practice “smart agriculture” with advanced technology—including AI, robots, and IoT—for improved efficiency and productivity in the face of labor shortages due to an aging population; 2. Implementing new mobility service initiatives across about 40% of local governments nationwide, such as setting up mobile clinics to eliminate medical disparities among regions; 3. Achieving digital transformation at approximately 70% of all logistics companies, including the use of drones and automated delivery robots, by fiscal 2025 (ending March 31, 2026); 4. Providing an educational ICT environment that is fair and optimized individually for each child, by distributing a digital device to each student attending school. The aim is to let children from diverse backgrounds further develop their qualities and abilities without anyone being left behind; 5. Working on revitalizing the country’s outlying regions through digital technologies, by carrying out such actions as promoting remote work at some 60% of all local public organizations so as to create a flow of people and work, and; 6. Utilizing digital tools to connect local small and medium-sized enterprises with overseas businesses, so as to introduce the advantages of Japanese products more widely and deeply.

IV Initiatives to leave no one behind

The fourth initiative will, in addition to the previous three initiatives, establish a human-resource support system to promote and realize a digital society where no one is left behind and where everyone can enjoy the benefits of digital technologies regardless of his or her age, gender, or geographical location, among other characteristics. The system will begin in fiscal 2022 (i.e., from April 2022), with more than 10,000 digitalization supporters nationwide, and will be enlarged as time goes on.

The above four initiatives, using digital technology, will realize new rural environments nationwide that are both convenient and attractive while maintaining their prosperity, and will revitalize Japan as a whole through the bottom-up growth emanating from such areas.
Efforts are underway across Japan to tackle local challenges through the power of digital transformation, leading to regional revitalization. One such example is the digital transformation being implemented in a rural area of Fukushima Prefecture.

The Aizu region of Fukushima Prefecture is located about 200 km north of central Tokyo. Blessed with an abundance of nature, including Mt. Bandai and Lake Inawashiro, Aizu is emerging as a region where digital transformation is being incorporated into the very fabric of local government. The need for digital transformation stems from the same challenge being faced by regions throughout Japan: an aging and shrinking population.

With a population of just 3,300, Bandai Town was the first local government in the country to appoint, in November 2019, a Chief Digital Officer, or CDO. “We’ve been working to move our systems online, to the cloud, so that anyone, anywhere, can take part in local government administration,” states SUGAWARA Naotoshi, the town’s CDO. “An outflow of human resources has been an issue in the countryside, but with the obstacle of transportation removed, those living outside the town have been able to get involved in matters of management. Where there are people, more ideas are generated, and that attracts even more people. The shortage of human resources can be overcome with digital technology.”

In July 2021, Bandai Town issued its own digital...
currency using the blockchain platform known as Hyperledger Iroha. Hyperledger Iroha is an industry-standard technology from Japan developed in collaboration with Soramitsu Co., Ltd., a company with a proven track record in blockchain technology around the world, and the University of Aizu, dedicated to computer science and engineering education. The year before, the National Bank of Cambodia chose Hyperledger Iroha when it launched the world’s first central bank digital currency, and the technology is also being considered by the central banks of Laos and Fiji for similar purposes. “Digital currency enables the visualization of local economies through the analysis of recorded data. The challenge is how to circulate this currency within the region,” says Sugawara.

Ever since it pledged a decade ago to become a “smart city,” Aizuwakamatsu, one of the primary cities of the Aizu region, has been promoting the use of ICT. The city has been making innovations specifically aimed at its citizens, having developed a system of telemedicine using tablet devices, for example, as well as a real-time display to show where its snowplows are working, given the area’s particularly heavy snowfall.

In 2019 the city opened an ICT office known as Smart City AiCT to attract talent from the greater Tokyo area and create jobs for young people. Thirty-seven companies from Japan and overseas, including NEC, Microsoft, and Accenture, have offices at the open innovation base. With a population of 120,000 and as a hub for industries in the ICT sector, Aizuwakamatsu City is fast becoming a place where forward-looking proof-of-concept trials are being conducted in a wide range of fields full of potential, from new forms of mobility and self-driving robots to the establishment of energy management systems with electric vehicles as storage batteries.

To realize the sustainable society outlined by the Japanese government’s Vision for a Digital Garden City Nation initiative, each region is working on carrying out a digital transformation in its own way, consistent with its needs and scale. Asked about what Bandai Town will be like 10 years from now, Sugawara replies, “I doubt the town will have changed much. Because digital technology is a means of infrastructure, I imagine the town’s residents will be able to continue living the same happy lives in communities that are aided by the power that digital technology provides. That is Bandai Town’s digital transformation.”
SPRINKLED SUSHI

No flower-viewing party or spring banquet is complete without vividly colorful sprinkled sushi (chirashi sushi). Sushi rice, flavored with vinegar and sugar, is festooned with seafood, vegetables, and other treats, truly expressing the joy of welcoming a new season. With a different character for each region and household, even for Japanese people this is special. Schools, businesses, and other Japanese institutions start a new year in April. Everyone gathers around a table laid with festive foods and celebrates the season of new beginnings.
Registered by UNESCO as an Intangible Cultural Heritage, Japanese cuisine is also praised as an expression of natural beauty and the passage of the four seasons. A supreme example is nerikiri, dainty confections molded into the shape of flowers and other symbols of the season. Amazing morsels are created by traditional, detailed handicraft from bean-and-sugar paste and given a variety of colors. The advanced artisanal skills and high aesthetic consciousness bring the delights of spring to the hearts and eyes of the beholder.

**JAPANESE SPRING BLOOMS ON THE DINING TABLE**

As sunshine warms the days, Japanese tables are laden with gorgeous dishes. Traditional flavors that sparkle with artisanal skills quicken the hearts of people impatient for spring.

**JAPANESE SWEETS**

SAKE OF SPRING

Each regional Japanese sake has a unique taste. Determined to rise from the devastation of the Great East Japan Earthquake, the Tohoku region, including Fukushima, produces sake of high international renown, winning many prizes, such as the International Wine Challenge, the strictest in the world. Spring sake—perfect for pouring into each other’s cups while appreciating cherry blossoms in full bloom—has a floral aroma, subtle sweetness, and glides gently down the throat. Brands with a pale pink color resembling cherry blossoms are also popular.
Available in electronic format.
https://www.japan.go.jp/kizuna/

eBooks on Kindle

We would be delighted to have your feedback.
Please send us your comments.
https://www.kantei.go.jp/foreign/forms/comment_ssl.html

Links to the websites of ministries

Cabinet Office  https://www.cao.go.jp/index-e.html
Ministry of Agriculture, Forestry and Fisheries  https://www.maff.go.jp/e/
Ministry of Defense  https://www.mod.go.jp/e/
Ministry of Economy, Trade and Industry  https://www.meti.go.jp/english/
Ministry of Foreign Affairs  https://www.mofa.go.jp
Ministry of Internal Affairs and Communications  https://www.soumu.go.jp/english/index.html
Reconstruction Agency  https://www.reconstruction.go.jp/english/
Nuclear Regulation Authority  https://www.nsr.go.jp/english/

©Copyright 2022 Cabinet Office of Japan. No article or any part thereof may be reproduced without the express permission of the Cabinet Office.
All inquiries should be made through a form available at: https://www.kantei.go.jp/foreign/forms/comment_ssl.html
JapanGov (https://www.japan.go.jp) is your digital gateway to Japan. Visit the website and find out more.

JapanGov, the official portal of the Government of Japan, provides a wealth of information regarding various issues that Japan is tackling, and also directs you to the sites of relevant ministries and agencies. It introduces important policies that the government is addressing, such as economic growth, innovative technology, and diversity, among others, with many videos and infographics.

You’ll also find the official web magazine “KIZUNA” (https://www.japan.go.jp/kizuna/).

Follow us to get the latest updates!
KIZUNA
https://www.japan.go.jp/kizuna/