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Towards Livable Communities in Japan?

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A major question for the future of the environment of Japan – understood here both as natural environment and living environment – is whether pressures of population decline will prompt a more general adoption of quality-of-place and quality-of-environment strategies for local place making and place survival. A combination of very low birthrates (common to most developed countries), and an unwillingness to allow large-scale immigration (in which Japan is the exception among developed countries) means that Japan is the first large developed country in the world to face massive and imminent population decline. As discussed below, total population is expected to decline by about 28 million, to 100 million by 2050, and the proportion of the elderly will increase dramatically. Overall population decline and ageing will change the context of place-making greatly, as competition for both residents and inward investment intensifies. The impacts of these pressures on local environmental governance approaches will have major consequences for the future of the Japanese settlement system and the Japanese people. This article explores the possibility that population ageing and economic decline may be creating conditions in which Japanese local governments intensify efforts towards more livable cities with a high level of environmental amenity and quality of local services.

The fundamental question addressed here is: are conditions emerging that would allow a prioritization in local governance strategies of quality of environment and quality of life? Will changed demographic and economic conditions encourage a shift from the environmentally destructive developmental state and construction state place-making strategies of the past towards more people-oriented place-making strategies in future? That possibility seems worth exploring, as it seems clear that drastic declines of population of particular settlements will create significant place-related hardship and social inequity.

The essay has three main parts:

The first part summarizes the greatly changed conditions structuring the success and failure of Japanese cities, towns and villages that have emerged during the last decade. This is a combination of a shrinking and rapidly ageing population, and significant reductions in central government redistribution of taxes. Central government has long played a major role in municipal finance by redistributing funds from richer regions to poorer regions to ensure that all localities can provide a roughly comparable level of services. Significant reductions in such redistribution means that localities will have to rely on their own resources to a much greater degree, and growing disparities between places can be expected. This will greatly amplify the difficulties created by existing disparities of population decline and ageing. Some places are much better positioned to face the increasing challenges of this new context than others, and the current tendency towards spirals of decline in less favorable places is likely to strengthen.

Shotengai, Arakawa, Tokyo

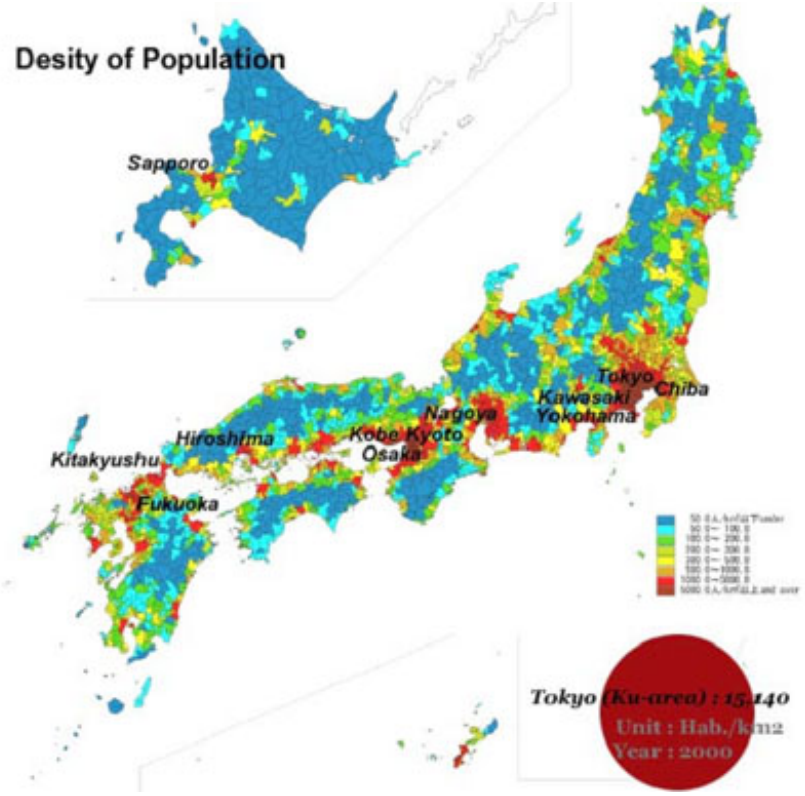
The second part argues that in a context of population ageing and population decline, new place-making strategies – already emerging in the more innovative settlements – are at a premium. In order to prevent self-reinforcing spirals of decline, settlements will have to attract inward migrants. It follows that one important strategy for place success is to work towards creating places that are highly desirable living and working environments. Such strategies are increasingly important elsewhere in the world, both for economic and environmental reasons, but as I show in detail in my book on Japanese urbanization and planning, quality of life and quality of local environment have historically been accorded relatively minor importance in most Japanese settlements, as priority was always put on attracting industry and jobs (Sorensen 2002). Population decline is already creating a new dynamic in local governance in Japan, in which the creation of highly livable places, with a welcoming atmosphere, quality services, and high amenity physical environments may become a significant priority. Such approaches will not emerge everywhere, and some places that attempt this won't succeed, but the context of place-making in Japan has changed greatly, in ways that put much greater priority on local quality of life than at any time during the 20th century. That change in the context of place-making may produce more space for alternative projects and priorities for constructing local places, than has existed for much of the modern period during which national projects and priorities dominated. Some examples of such approaches are reviewed.

The third section poses the question: what is the appropriate response of central, prefectural, and municipal governments to these changing conditions? There are two broad issues that must be addressed. First, and most difficult, is whether the goal should be to support all existing settlements. Given a decreasing population, if all settlements continue to exist, then decline will merely spread widely. It may make sense to focus resources on those with the best prospects, before decline goes too far. The unfortunate but unavoidable fact is that not all places will be able successfully to pursue strategies of livability and high amenity. In some places the outflow of population and the ageing of those who remain has already gone too far and municipal debts are too great to allow significant new initiatives, or local environmental problems are too severe to allow an easy turnaround. Consideration must be given to policies to facilitate the planned closure of such places, mitigate the pain for their inhabitants and devise sustainable environmental management strategies for places that don't survive.

The second broad question, is whether or not there is a continued role for some degree of redistribution of tax resources by national and prefectural governments to ensure that all municipalities are able to deliver some minimum level of services? The current trend is to reduce such spending, and to let municipalities manage primarily on their own resources, with some one-off support for special projects. But that approach will almost certainly exacerbate the tendency towards localized spirals of decline, as settlements must have good quality local environments and services to be able to attract and retain residents. It is thus important to reconsider the role of central support to local human and environmental services in shaping long-run settlement patterns in Japan, in the face of population decline and ageing.

1. From Growth to Decline; the changing context of place-making

There is little doubt that the conditions structuring the success and decline of Japanese cities, towns and villages have changed dramatically during the last decade. Long accepted strategies for local economic development no longer hold much chance of success, and the characteristics and motivations of inter-city migrants have changed greatly. During the rapid growth period, and until the 1980s, there was enormous investment by Japanese firms especially in the core metropolitan areas of the Pacific Belt from Tokyo to Osaka, but also in relatively remote regional towns which offered cheap labor and land away from the congested and costly metropolitan areas. The centrality of such industrial investment in growth strategies meant that quality of life and quality of the local environment were not particularly important issues either for those seeking investment locations, or for those attempting to promote growth in their towns. Availability of land for industry, electricity and water supply, and good local roads were much more important location factors. Put simply, the incentives for local governments and local growth coalitions were powerfully biased towards economic growth, land development, and the encouragement of investment of all kinds, with few incentives to prioritize environmental quality, and few legal or planning tools were available for the few places such as tourism and resort areas where environmental quality was seen as a priority (see Sorensen, 2002).



Population concentration, 2002

Enlarge this image

Similar structural biases in favor of development and against environmental quality were also present in most other developed countries, but in recent years many have argued that with the shift of economic base towards knowledge-intensive industries and away from heavy and chemical industries, quality of life and quality of environment have become much more important factors for long-run economic success than before, because high-skill knowledge workers are more mobile, and more demanding in their criteria for acceptable local environmental quality. (Florida 2002; Malecki 2007).

Ameyoko, Ueno, Tokyo

In contemporary knowledge and capital-intensive economies, the links between quality of life, high-skilled workers, and economic, social, and cultural innovation have continued to grow stronger (Landry and Comedia (Firm) 2000; Sassen 2000). Even those arguments, however, are based primarily on a logic of place-competitiveness based on attracting and retaining employers that require the skills of highly educated and paid employers. While that is clearly still important, as loss of jobs can easily lead to a loss of population, the interesting and distinctive factor in contemporary Japan is that the imperative to prevent local population decline suggests that local and regional policy leaders also have a strong incentive to establish policies that will help to create better living environments in order to attract and retain residents, or at least prevent the worsening of local environmental quality and livability. This suggests a possibly important shift in the balance of incentives that affect local policy making, whether for peripheral declining towns, medium and larger sized cites, or prefectural governments. Only Tokyo, which continues to attract people from across the country and abroad, is relatively immune from pressure to maintain population, but even in the capital region there are municipalities that are experiencing serious problems of population decline and ageing, and will be feeling increased pressure to attract and retain residents.

This analysis assumes first that local governments have meaningful policy options, and second that there are significant numbers of people who have choices about where they will live, independent of the location of jobs. With regard to the first assumption, it is clear that Japanese local governments face huge challenges of population shrinking and aging, economic stagnation, and extremely difficult financial circumstances. Also, most policy levers, legal powers and financial resources have long been located in central government ministries, leaving little scope for local innovation or bottom-up entrepreneurialism, so local policy-making became increasingly oriented toward attracting central government resources, whether or not the projects or policies thus supported were actually beneficial. The situation certainly appears bleak.

Sanya Homeless Hostel, Tokyo

The point I am attempting to make here though, is that it is possible that the profoundly changed context of local policy-making may offer incentives for quite different approaches than in the past. I do not wish to exaggerate the extent of recent reforms and decentralization, that have in many respects only been partially successful as discussed below, nor should the difficulties facing local governments be underestimated. But the failure of old-style public works politics, and recent sharp reductions in spending on public works, reduced redistribution of taxes to local governments by central government, the shift of some tax room and legal powers to local governments, and population decline all shift responsibility towards local governments and local actors. In short, decentralization over the last decade means that legal powers have finally been created for local governments to make their own locally specific plans, zoning ordinances, and development strategies, but that has come at a time of urban fiscal and population crisis, when the options are narrowing.

The second question is whether or not there are sufficient numbers of people who have real choices about where they will live. Two things suggest that the numbers may be significant. First, in other affluent post-industrial economies such as Europe and North America, a combination of rising affluence, earlier retirement ages, multiple careers during a lifetime, and increasing mobility have led to

growing numbers of people who choose to live in rural and peripheral areas and smaller towns both before and after retirement. For example, in Britain the highest rates of population growth during the 1990s were in rural and remote areas, fuelled by affluent households leaving cities in search of rural lifestyles (Breheny 1995). In Japan, the trend is still one of rural decline and migration towards Tokyo and other large cities, but the increasing efforts by local and regional governments to attract lifestyle migrants and retirees documented below suggests that these are perceived as an important potential source of migrants. As discussed in section two, another possibility to attract residents is through the promotion of 'multi-habitation', or the ownership and/or use of more than one residence. This has the obvious advantage of offering a relatively easier decision than complete relocation, as a home is retained in the original community. It would also serve to provide a market for what will shortly become an excess of housing with population decline, and would support local tax revenues. But obviously only the most affluent can afford to own and maintain two dwellings, and temporary residence would certainly do much less to solve population decline in the receiving locality than full migration. It is also significant that on average, the elderly are much wealthier than younger cohorts, and financial and non-financial wealth increases steadily with age, suggesting that the main target for multi-habitation will be the elderly (Ogawa 2005: 405).

Kawagoe, Saitama

Possibly much more important is to recognize that the problem of population decline is no longer confined to the remote rural areas and villages that have been declining for decades, even if they continue to be the public image of such problems. As decline is increasingly affecting all municipalities, large and small, in metropolitan areas and regional cities as well as smaller towns, the issue becomes quite different. General population decline means that every municipality, even every neighborhood, faces the imperative of retaining and attracting population, or face spirals of localized decline, vacant houses, and declining tax rolls. In the metropolitan areas there are hundreds of municipalities surrounding the central cities, that are part of regional job markets in which many people live in one municipality and work in another. In contemporary Japan people are highly mobile, and have proven themselves willing to travel considerable distances to work. Changes to residential location are common, and are not just from rural areas to the big cities. As population decline and ageing starts to accelerate, combined with declining municipal resources, localized pockets of concentrated decline are highly likely to appear in areas throughout the country, even in the larger metropolitan areas. Although other factors may be important in particular places, municipalities with poor environmental quality, poor services such as schools and healthcare facilities, and high municipal debts, will be less attractive places to live, regardless of the existence of employment opportunities. The changing demographic and fiscal context of Japanese settlements thus seems certain to have transformative implications for place-making strategies in the future.

The changing demographic context

Certainly the most profound change in the context of place-making in Japan is the shift from a context of national population growth to one of population decline. Briefly, Japanese population grew from 44 million in 1900 to 72 million in 1945, and to a peak of about 128 million in 2004. Because of steep declines in fertility during the last 40 years, it is projected to decline to 117 million in 2030, and to 100 million by 2050 in the absence of major changes in migration patterns. A second, and crucial consequence of the end of population growth (amplified by longer average lifespans), is population ageing. The share of population over 65 has increased from 4.9 per cent in 1950 to 19.5 per cent in 2004, and is expected to rise to 29.6 per cent by 2030 (Japan Ministry of Internal Affairs and Communications 2005; Ogawa 2005)(see Vaclav Smil's thorough analysis here).

I do not think that it is likely that these population declines will be countered by large-scale immigration. To maintain its current population, Japan would have to allow foreign immigration of more than 11 million people by 2030, or at least 500,000 per year. Sakanaka Hidenori has thoughtfully outlined some of the real difficulties with such an approach. Even though continued immigration is likely, and as Arudou Debito argues, total numbers of immigrants living in Japan will almost inevitably continue to grow, I think it much more likely that rather than encourage immigration on the scale of more than half a million per year, Japan will adopt what Sakanaka calls the 'Small Japan' option of trying to make the best of decline while seeking to slow the process. And even if immigration to Japan does increase significantly, many of the same issues of decline of particular settlements discussed here still apply as the majority of immigrants go to the metropolitan areas, not to the regions and rural areas.

It is also important to understand that there is great diversity in current population structures in different Japanese localities, as a result primarily of past migration patterns. As I have discussed in some detail in another paper (Sorensen 2006), two main migration patterns have created quite diverse demographic profiles in different places. The first is the huge net migration from the rest of the country towards the three main metropolitan areas (greater Tokyo, the Kansai region including Osaka, Kobe and Kyoto, and Nagoya) from the 1950s to the 1980s and towards the National Capital Region almost exclusively since the mid 1980s. For most of the rapid growth period all prefectures outside the three core metropolitan areas lost population year after year. This has resulted in huge population decline and ageing in the regions, and especially in rural areas for many decades, so questions of population decline are not new. What is new is that population decline is now a concern not just for the periphery but in various ways affect all settlements in Japan.

The second major migration starting in the 1960s was the massive suburbanization of population, with the vast majority of new

residential development occurring in extensive rings around the older cities. In the largest metropolitan areas starting with Tokyo in the 1960s and Osaka from 1970, the high-density central areas actually lost population as people moved to the suburbs (Sorensen 2001). The combination of these two major postwar migrations means that at the small scale of the municipality there are quite different population profiles, ranging from relatively younger and growing populations in some Tokyo suburbs, to very old and long-term declining populations in many regional and rural towns. There are also many special cases, like the early new towns of the 1960s such as Tama New Town in western Tokyo, where a large percentage of the population is now at retirement age, and population decline is primarily a result of children moving out.

Tokyo as a magnet

Metropolitan Tokyo continues to be a magnet for young people from all over the country, for school, but also for jobs, meaning that it has a younger population than the rest of the country. This continued migration to Tokyo works directly to increase the average age of the rest of the country by drawing away young people, but does so unevenly, with some places affected more than others.

Ikebukuro, Tokyo

Several other areas were also magnets for net inter-regional migration until the 1990s, including the Kansai region of Osaka-Kobe-Kyoto, Nagoya, and several regional centers such as Fukuoka, Sendai, and Sapporo. These places all saw significant net in-migration of younger people through the 1980s, including the so-called J-turn migrants who moved to a metropolitan area for a period, then made a second move back to a second-tier city where they settled. There are also places with primarily rural economies that saw continuous out-migration during the post-war period, as there were few local jobs. These are the places now in most distress, as they are now seeing the highest levels of ageing, and most rapidly declining populations. Although the older generation valiantly kept running farms and small businesses well past normal retirement age, the lack of successors means that many farms and businesses are simply being closed as the proprietors become too old to continue. Most recently there has been a re-centralization of population from suburban areas to urban core areas, as housing prices have become more affordable. In the near future it is likely that pockets of decline in sprawling suburban areas will also become more common.

The changing fiscal context

Another significant change in the governance environment is the recent reduction of central government redistribution of tax revenue to local governments, and reduced public works spending. It is argued that this is unavoidable because of the deep indebtedness of the Japanese central government, that is now estimated to reach 142% of GDP by the end of March 2008 as measured by European Commission standards (Terada 2007: 9). In Europe and North America, government indebtedness of more than 75% of GDP is commonly considered a fiscal crisis requiring immediate and drastic measures to avoid a 'debt trap' where money must be borrowed simply to pay high interest on past borrowing. As a result, it is argued that Japan's massive public debt requires 'fiscal retrenchment' and leaves little capacity to support localities. In the past, central government redistributed a significant portion of the taxes it collected to

local governments. This spending has long supported a degree of equality in the level of basic services throughout the country, even in relatively poorer areas. Reduced redistribution from central government will certainly lead to greater disparities between places, and will likely contribute to vicious circles of decline, particularly as virtually all municipalities in Japan are themselves in severe fiscal crisis because of massive borrowing encouraged by central government during the 1990s to re-start the economy through building public works (see Shirai 2005; Schebath 2006). That spending left local governments deeply in debt, but appears to have had little impact on economic growth. As Schebath shows, the ratio of mandatory expenditures (personnel, social welfare, and debt service costs) as a proportion of local revenues (local taxes plus central government global grant) increased from 70.2 per cent in 1990 to 89.2 per cent in 1998, and 46 out of 47 prefectures, and 85 per cent of all municipalities exceeded the danger limit of 75 per cent (Schebath 2006: Table 4.2). As Shirai explains, the reason is that to promote economic growth while limiting increases to its own indebtedness in the 1990s, central government actively encouraged bond issuing by local governments to build public works. Unfortunately, the system perversely promoted the highest levels of spending by those local governments that had the least ability to service the debt incurred (being the most desperate to attract the funds provided by the central government as an incentive), and encouraged projects that were not conducive to local economic development or the promotion of private sector investment. Many of the projects undertaken by local governments were for new city halls, museums, large public parks and gymnasiums etc., that failed to stimulate complementary private investment, so the correlation between public works spending and private investment in a region fell steadily from 1989 to 1999 (Shirai 2005: 228).

Even with rising indebtedness in the 1980s and since, public works spending on roads, dams, concrete riverbeds and shorelines etc., much of which was not only unnecessary but environmentally damaging, remained a major channel for central government transfer of resources and support for employment in peripheral areas. A major priority of the Koizumi administration was to reduce such public works spending, and the partial success of those efforts undoubtedly increased the economic difficulties of peripheral areas where many jobs were linked to such spending. As Vogel shows, LDP party members were successful in blocking or watering down most of Koizumi's reform proposals, but there has still been a considerable reduction in levels of public works spending (Vogel 2006: 108).

The point here is that places with poor environments, ageing populations, and or declining industries will find it ever harder to attract and retain residents. It seems clear that the danger of increased socio-spatial polarization, and spirals of decline and abandonment in particular places is now very great, and that the role of public policy in shaping the national settlement pattern must be considered afresh. The rapid-growth era vision of nation-wide industrialization linked by high-capacity transport links embodied in Tanaka Kakuei's 'Plan for remodeling the Japanese Archipelago' (1972) – that inspired the massive infrastructure building programs of the 1980s and 90s – is now clearly obsolete, and a new vision is needed, as discussed in section 3.

Spirals of growth, spirals of decline

The self-reinforcing effects of positive feedback loops are common in many areas of human activity, and particularly in settlement geography. In particular, the working of positive feedback effects generating spirals of growth has long been well understood, and are sometimes referred to as 'circular and cumulative causation', or virtuous circles. For example, where an investment in a town such as a new or expanded industrial plant or university creates jobs, whether the jobs go to in-migrants or existing residents, they will then spend their new wages on goods and services in the town, creating more jobs for service providers in shops, schools, etc. The town grows, creating more opportunities for local people and attracting in-migrants, raising property values, growing the tax base, and creating a more attractive climate for new investment. This sort of self-reinforcing cycle of growth was common in urban areas throughout Japan through most of the 20th century, and produced great wealth.

Equally important are the opposite, the self-reinforcing spirals of decline or vicious circles. When a locality loses jobs or population, people will no longer spending that income with local shops and service providers, or pay taxes to local governments, all of whom will eventually need to reduce expenses, reductions that then feed a second round of decline. There will also be less demand for housing, impacting land values, and the construction industry, that forms an exceptionally large share of the Japanese economy (Woodall 1996). Small businesses, which depend on local customers are particularly hard hit, as both their sales and property values can decline, leaving them trapped with declining prospects. In such places, a major self-reinforcing effect contributing to decline is the fact that young people tend to leave for school or jobs and not return, as there are few local opportunities. The departure of young people led directly to decline in Japan's peripheral areas, as the loss of households and a sharp drop in the numbers of young households meant fewer children, closed schools, shuttered shops, reduced government revenues and poorer services. Such decline in turn pushed more young people towards the metro areas in a self-reinforcing spiral of decline and ageing.

Perhaps the best known example of a spiral of decline – but far from the only one – is Yubari, in Hokkaido, where the local government filed in 2006 for financial reconstruction, a form of municipal bankruptcy. Once a thriving coal-mining centre, the town had attempted to counter decline by spending on local tourist attractions, until it had a debt of ¥36 billion backed by annual municipal revenues of only ¥4.5 billion. The city is now cutting municipal staff by half, consolidating seven elementary schools and four high schools into two facilities, doubling fees for water and sewer services, and increasing resident taxes. These desperate measures have accelerated the outflow of people from what was already a declining population (Asahi Shimbun November 16, 2006).

Cost cutting measures included closing the bathroom at the Yubari train station

Thus far, much of the spending from the centre in aid of local economic development has been wasteful because it was either spent on public works of dubious value (often with high long-term maintenance costs), or because perverse central government incentives to borrow and spend money quickly on new construction (e.g. world class concert halls in small towns, new city halls, sports arenas, redundant local airports) added to local indebtedness and fiscal constraints while stimulating little private investment and providing few long-term jobs. Such approaches were too often cases of short-term gain for long-term pain.

As contemporary place-making strategies were all created in a context of rapid overall increases in population, there is no doubt that successful approaches must be different in future. In the context of population decline, reduced footloose industrial investment, and severe fiscal constraints on governments, it seems certain that local place-making strategies will be forced to shift from attempts to attract jobs, to attempts to attract and retain people. The logic of such attempts is quite different, however, from place-making strategies during the economic and population growth period, and new strategies for making places attractive to migrants – and keeping existing residents – have had to be developed.

2. The New Place-making Environment in Japan

In a context of population ageing and decline, preventing irreversible spirals of decline will mean that settlements will have to attract inward migrants. Indeed, it seems likely that there will be increasing competition for inter-city migrants. One important strategy for place success – though certainly not the only possibility – is to work towards creating places that are highly desirable places to live. The emphasis on local quality of life is simultaneously a strategy to attract people, and to attract inward investment, as firms also have an incentive to locate in places that provide attractive living environments if they are to retain the highest skilled workers, and make the most of their talents.
This emerging context already appears to be creating a new dynamic in local governance in Japan, in which increased priority is given to quality of life, quality of the environment, quality of landscape, quality of local services, and quality of local governance both in terms of process and product. Whether local governments have the capacity to achieve notable success in those efforts, particularly given their ongoing fiscal crises and still limited legal powers, remains to be seen.

It certainly makes sense to be skeptical about whether many Japanese local governments will be able to make the shift from the old-style rapid-growth model of local development to a new high-amenity quality-of-life centered strategy. But in a context of overall population shrinkage, any factors that help to attract or retain population will be a plus, as there will be positive feedback to either growth or decline. Those that start to decline first, like Yubari, will quickly find it much harder to attract newcomers, while those that successfully create attractive local environments will gain more capacity to do even more in future.

Yanaka, Tokyo

Some already are moving in that direction, and it seems certain that there will be a process of sorting between those places that attract new residents, and those that don't. The imperative to attract and retain population applies to settlements of all sizes, from the smallest village to the largest metropolitan areas.

Local factors that could help to attract new residents include:

- a growing local job market
- available housing that combines good quality with reasonable price
- inexpensive land and/or housing
- low taxes
- excellent local services (health care, services for the elderly, schools, public transit)
- responsive local government
- good climate
- excellent environmental quality (green landscape, clean air, water, soil)
- attractive local amenities such as hot springs, cultural events, etc.
- interesting and welcoming local groups to join

Obviously, some of these, such as climate, are beyond the capacity of local government to change. Moreover, local governments, particularly those most in need of assistance, face large obstacles in addressing the most critical of the problems. There may be little that most local governments can do to directly create new jobs given huge local indebtedness and central government cutbacks to revenue transfers. Similarly, few local governments have the capacity to offer significantly lower taxes given the fiscal crisis. Governments can, however, compete to provide superior local services, improve local environmental quality (in the sense of landscape, freedom from pollution, and local amenities such as good parks and recreational activities), and boost the quality of local government and local social networks. Most of those possibilities cost money, however, and there will clearly be limits to the amount taxes can be raised to support such local services before becoming a disincentive for inward migrants.

Perhaps the most important factor determining what local strategies to prioritize will be the types of newcomers that might be attractive. A major focus among Japanese analysts is on recent retirees as a key group that have the requisite combination of freedom

to relocate without the requirement of having a job, the financial assets to be able to relocate (especially those leaving the metropolitan areas for the regions), and the desire for a change of abode and new activities. This focus has intensified during the past several years in anticipation of the impending retirement of the Baby Boom generation (Dankai Sedai), that starts to hit retirement age in 2008. While the focus on retirees may make sense because of their perceived mobility and assets, most projects to attract residents are directed at newcomers of all ages, as shown below.

In a recent survey by the Ministry of Land, Infrastructure, Transport and Tourism, 37.6 per cent of respondents said that they would like to have a two-residence lifestyle, retaining their existing house, but also owning a house in a rural area for weekends or season visits. Respondents in their 20s, 30s and 40s had less desire for such a 'multi-habitation' (koryu kyoju) lifestyle averaging 33.3%, 35.7% 36.2% respectively, while those in their 50s and 60s were more interested (45.5% and 41.4%) and those in their 70s were least interested at 28.7% (Ministry of Land Infrastructure and Transport 2006). The same survey showed that 20.6% of all respondents wished to resettle in rural areas, with the highest proportion being those in their 20s (30.3%), lower for those in their 30s and 40s (17% and 15.8%), higher again for those in their 50s (28.5%) and decreasing for those in their 60s (20%) and 70s (13.4%). This suggests strongly that there are very large numbers of Japanese who would like to live in rural areas, at least part of the time. Obviously, not all those will be able to do so, for family, financial, employment, or other reasons, and many of those who can do so won't. But there is no doubt that there is a very large potential pool of migrants, young and old, who would either move or buy a second home in another town if the conditions were right.

It seems certain that local environmental conditions, including beautiful natural landscapes, good local amenities, clean air and water, etc. will all be conditions that serve as attractors, while places with degraded and polluted environments will tend to be less attractive to such migrants. Many people assume – based on the environmental destruction achieved throughout the Japanese archipelago during the 20th century - that most Japanese don't really care about such issues, taking as evidence of this the fact that people are willing to live in what are very often polluted and degraded environments. I do not believe that is a correct interpretation, and believe that to the contrary, environmental quality is very important to many Japanese, as demonstrated by periods of intense environmental activism, and huge amounts of voluntary activity (machizukuri) to improve local conditions. In a recent survey on "Peoples Perceptions of Land Problems: by the Ministry of Land, Infrastructure and Transport, nearly 70% of respondents expressed interest in the improvement or conservation of town landscapes (Ministry of Land Infrastructure and Transport 2006). A major reason that people have lived in compromised environments is that they have had few real alternatives.

This has also commonly been the case also in other developed countries, so Japan is hardly unique. On the contrary, the pervasiveness of urban environmental problems, and the deeply unsustainable quality of much urban industrialization means that the search for socio-political-economic conditions that provide incentives for improving local environments, and prioritizing policies that lead to more sustainable settlements and governance approaches is a global concern.

For evidence that the future viability of settlements of all sizes throughout Japan is increasingly conceived in terms of their ability to attract new residents – and that such attractiveness is overwhelmingly thought of in terms of 'nature', 'green', 'fresh air', 'clean water', one need only look at recent attempts by localities to attract new residents.

Among many examples: the 'Silver Arcadia' project of Nishinoshima of Shimane prefecture, that attracted 30 new households totaling 61 people by advertising the beautiful unspoiled landscapes of the islands in the Japan Sea, and ensuring that good quality housing and medical services were available for newcomers . Other towns, including some in metropolitan areas, have focused on trying to attract young people and artists to their communities by arranging for them to live at reasonable rents in vacant houses (akiya). A growing number of NPOs are engaged in matching up people who want to leave the metropolitan areas with places that are looking for new residents: for example the Satochi Network promotes links between metropolitan area residents and villages throughout the country, and helps to encourage movement of people as well as resources from the former to the latter.

Several ministries have been encouraging such efforts, for example, the Ministry of Land Infrastructure and Transport (MLIT) has sponsored an annual conference since the mid 1990s called the 'National UJI Turn Settlement Symposium that attempts to foster local strategies to attract newcomers to declining regional towns (see here) to discuss strategies for local revitalization that have been successful (and not). They also publish reams of testimonials of people now living in remote regions around the country who have enjoyed the migration from metropolitan areas to peripheral regions. The MLIT is also promoting internship programs for university students and others to take part in projects in remote parts of the country and experience life there. The keywords are 'fresh air', 'clean water', 'work experience', countryside lifestyle'.

Another similar example is the "Green employment program" of Wakayama Prefecture, that helped people move to Wakayama to participate in forest management and traditional charcoal production in areas that have been suffering from population decline. During 2004 and 2004, 216 families totaling 355 people moved to Wakayama from other prefectures to participate in the program.

Several central government ministries provide support for 'multi-habitation', including the portal created by the Ministry of Internal Affairs and Communications (Sômusho) that provides information on a range of 5 different multi-habitation experiences ranging from Short-term stays of 1-3 days per year, to longer term stays of several weeks or months each year, to longer stays for potential migrants to learn more about an area, to opportunities for second home ownership (here). The hope is that people will explore, develop contacts and consider moving permanently to rural areas. Sômusho also established a competition for projects that would help to produce attractive localities "Locality Support Program" (Somusho 'Ganbaru Chiho Enjoo Program') .

Although many such projects sponsored by national ministries focus primarily on the small towns and rural areas that are most at risk of depopulation, other larger settlements are framing their future success as based on livability and environmentally friendly policy approaches. A notable example is Sendai City's 'City of Trees Environment Plan' that advocates the creation of a 'city that learns from trees and lives with trees'.

There is considerable evidence of high levels of motivation and enthusiasm among Japanese people for efforts to make more livable places, as demonstrated by the spread of *machizukuri* (place-making/community building groups and processes) and place-based NPOs across the country during the 1990s (see e.g. Sorensen, 2007; Watanabe, 1999). Such activities include an extremely broad range of projects, from the building of new parks and community centres, to historical preservation, to creating new housing types, to revitalization of declining shopping areas and environmental remediation projects. What is new is the increasing involvement and legitimacy of residents as volunteers in such processes, and the increasing willingness of local governments to support such voluntary activities. Machizukuri processes are also generating a growing depth of experience and expertise in participatory environmental management. The rapid spread of such processes indicates that many Japanese people value local environmental quality enough to invest a lot of time in working together to improve it.

The point here is not to assess the success of such efforts but to note the wide agreement that to be successful settlements must attract new residents, and that quality of environment, and quality of local services are key to such efforts. It seems fair to suggest that the livability agenda is becoming more firmly established as a key ingredient in place making. This in itself is a major change, and a positive sign for the future.

3. Towards a new vision for rebuilding the Japanese archipelago

The fact that governments across Japan have begun to understand the new dynamic of population decline, and have begun to shift towards policies that stress livability and environmental quality is an enormous and hugely important change. The shift to a declining population has begun to impact government policies at all levels. On balance, my view is that the clear necessity of creating livable and attractive places will be a positive force for change.

Major problems remain with implementing this vision, of which three seem crucial to note here: First, not all places will succeed, either in the project of making themselves more livable and environmentally more sustainable, or in actually retaining and attracting population. Second, the funding for social welfare, medical care, elder care, retirement benefits, and social services is being cut back, even though these could potentially create a lot of jobs, especially outside the largest cities, and such services are essential for truly livable communities. And third, although there is some evidence of a shift away from the anachronistic doken kokka style of public works spending, that system has not yet died, and resistance to reform remains intense. These three problems are outlined briefly.

First, it is certain that not all places will be able successfully to pursue strategies of livability and high amenity. In some localities the outflow of population and the ageing of those who remain has gone too far, municipal debts are too great to allow significant new initiatives, or local environmental problems are too severe. Places with serious environmental problems such as heavy pollution of air, water or soil will not attract those who have options about where to move. Similarly, towns and cities with high municipal debt loads, which will usually mean poor quality municipal services, will also find it difficult to attract people. Declining industrial towns will be particularly hard hit, because they may contain a combination of all of these qualities. The combination of a continuing outflow of local youth who see few future employment prospects, declining birth rates, and difficulties attracting new residents seems certain to result in steady and even rapid population decline. Environmental problems, especially contaminated soil and groundwater, will pose serious obstacles to revitalization and huge costs for remediation. Declining population and declining property values will steadily reduce municipal revenues. Without outside help, spirals of decline seem certain to become more common. It is also important to recognize that as population decline begins to accelerate, it is logically impossible for all settlements to maintain population, so there will undoubtedly be losers in the competition to remain viable and livable places.

The question is, in such cases, what should be the approach of the central and prefectural governments? At some point, politically difficult though it would certainly be, it would make sense to choose where to focus resources. Given the scale of imminent population decline, some advance planning for an appropriate settlement system and distribution as the population declines from 100 million, and 80 million is necessary. In the long run the most rational approach would be to abandon some settlements entirely. That is, instead of continuing to provide a similar (decreasing) level of resource to all settlements and letting market forces and migration patterns do the dirty work of urban deconstruction, it would be much more efficient, more equitable, and more environmentally sound to make some choices in advance about which places should be abandoned. That would allow the responsible closure of some settlements, including government buyout of remaining residents, resettlement, and remediation and renaturalization of the land. This would also strengthen the remaining settlements. In metropolitan areas population decline could be offset by creating green areas and green corridors through the vast, partly built up areas of the suburbs, particularly along streams and watercourses that have so far been routinely buried in pipes. Unfortunately, at present it seems unlikely that such an approach will be adopted, given the political obstacles, high costs, and the relative simplicity of taking a hands-off approach, even if that will be messier, more wasteful, and less equitable in the long run.

The second major issue is funding for education, social welfare, medical care, elder care, retirement benefits, and social services. Tight government finances, the ageing population, decline of economic vitality, and a reluctance to increase taxes means that funding for all these areas have been under pressure of cutbacks, even though all these could potentially create a lot of jobs, especially outside the largest cities, and such services are essential for livable communities. It is true that with the introduction of the long-term care social insurance system the Japanese government engineered a major expansion of the social care sector, in response to the increasing demands an ageing population placed on the health care system. The problem is that wages are so low, that many care workers can hardly survive on their income as care workers, as Hiratate Hideaki shows so clearly. Apart from the deep social justice problems entailed in such a low-wage approach to social care, where the care workers receive neither a living wage nor job security, and the certainty that the care provided by workers who are falling ever deeper into debt themselves will not be of the highest quality, a major problem with this approach is that these kinds of social care, education, and health care jobs fail to provide the economic base for many small communities that they might if the work was better paid and more secure. Japan succeeded brilliantly during the second half of the twentieth century in building a highly productive economy, one which created products that were competitive internationally. Decade after decade of huge trade surpluses that have continued until the present meant that Japan does have enormous wealth as a society. People throughout Japan would be justified in wondering why the Japanese government has decided that it cannot afford to take care of its elderly, and provide the kinds of social services enjoyed by citizens in some other developed countries that are not as wealthy. Adequate funding for such work would contribute greatly to the stabilization of declining places, while making them more attractive to those seeking homes and lives away from the main metropolitan areas.

The third issue is the unfinished reform of the public works system. During the past 20 years and more central government spending on public works around the country, but particularly in peripheral areas has been a major source of regional development assistance, and redistribution of tax money from the core metropolitan areas to the rest of the country. Some continued national spending to remediate the environmental problems created during the second half of the twentieth century is clearly advisable. National resources would be well spent, for example, in cleaning up contaminated lands and abandoned industrial infrastructure, removing obsolete dams and re-engineering rivers to flow more naturally (some such efforts have already begun, see Waley 2000), and other projects simultaneously improve long-run environmental sustainability and lower infrastructure maintenance costs. Reducing the legacy of environmental burdens that declining places carry in order to give them a chance to make their environments more livable could be a major national project for the 21st century, that would work at several different levels. First, it would be a major step towards building a more sustainable and environmentally healthy country. That would almost certainly reduce health care costs in the long run, and might even contribute towards slowing the outflow of young Japanese to other countries seeking a better quality of life. Second, it could reduce the huge debt of environmental damage that the rapid growth period has left as a legacy to future generations. Third, it would be a way to transform the spending for unnecessary public works projects, without simply shutting down that spending, a course that would threaten many peripheral regions with drastic economic contraction. Unnecessary public infrastructure is not only a waste of capital, it also costs a lot to maintain annually, so getting rid of useless dams and bridges, etc. will actually reduce future costs. Retooling the public works industry to perform environmental remediation and restoration would not be hard, and most of the equipment and skills are already there, just the goals would need to be changed.

The politics of such a change is not easy, as it threatens powerful constituencies, the public works construction industries and their patrons in the bureaucracy being the most politically influential. Also, although the private benefits of new infrastructure are well understood, the impacts of removing infrastructure – even if they serve little or no purpose or are environmentally destructive – are unknown and such projects might even prompt claims for compensation. These are certainly among the reasons that the main such initiatives to date involve dam removal and river re-naturalization where the government owns the riverbeds.

Conclusions

The goal here is not to propose a new regional policy for Japan, but merely to suggest that it is important to recognize a turning point in

the fundamental conditions structuring settlement growth and decline, for which new approaches are necessary. It seems clear that the pressures created by declining national population are creating a significant incentive to create attractive, livable, environmentally sustainable communities, because of the imperative to attract new residents to declining communities. In my view, that incentive should be supported with careful, selective government policies, as it could greatly aid in the ongoing transition of Japan from an environmentally degraded global industrial power into an environmentally sustainable country with a high quality of life as its population declines. Even if such enlightened policies were implemented, the challenges will remain formidable, especially for the least livable and most economically constrained places.

One alternative is to allow market forces to prevail, and simply insist that the state has little role to play in assisting local governments with environmental management or in balancing national development. In my view such a laissez-faire approach would prove to be very costly in the long run, if it contributed to the spread of pockets of decline across the country, with concentrated areas of housing abandonment, school closures, and environmental blight, and associated social hardship and pathologies. Unless countered by a clear vision for national renewal, sustained population decline will be very likely to generate serious problems of socio-spatial polarization, with less attractive places consigned to destructive spirals of decline and environmental degradation, while more attractive and livable places are increasingly sought out by the affluent. More attractive places would need to address problems associated with population increase and growth, but they would do so with greater resources, while declining places would be consigned to hardship and oblivion.

It seems clear that Japan's future environmental quality and quality of life hangs in the balance between these two paths, and there is no certainty that the deployment of incentives to prioritize livability and quality of life will actually result in a more even distribution of quality of life across the national territory, or among people. The incentive for local communities to creatively work to improve amenities and services will play an important role, but it also seems clear that strong national leadership will be essential to devise a national settlement strategy for a smaller population, and to fund projects to undo the ecological damage of the 20th century. In previous national crises such as the Meiji opening to the world and the post-war reconstruction, the Japanese people rose to the extraordinary challenges facing them. This paper has presented discussion of some of the sternest challenges that the 21st century poses.

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