Three Initiatives to Invigorate Society in the Era of Population Decrease

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Japan's projected population decrease has aroused strong pessimism regarding the country's future. But we should instead look for ways to mitigate the sharp population decrease and build new institutions that can accommodate the changing social and economic environment. A vigorous society will need individuals who can participate fully without age or gender constraints, an autonomous civil society that relishes small government, and community-based living. To promote greater prosperity in the era of population decrease, we propose three initiatives to invigorate the community, society, and individual life.

1. Introduction

The term "population decrease" is on everyone's mind nowadays. Japan's population, which was not projected to start declining until 2006, has in fact already started to decrease. In December 2005, the Ministry of Internal Affairs and Communications released preliminary results of the October 2005 census, which tallied the nation's population at 127,756,815 persons. At the same time, they also released the final population estimate of May 2005, which showed a population decrease of almost 80,000 persons from the October 2004 estimate. Meanwhile, according to the Ministry of Health and Welfare's population estimate in December 2005, there was a natural decrease (deaths outnumbered births) of over 10,000 persons during 2005.

For many of us who lived through Japan's era of growth and prosperity, the prospects of population decrease can be quite unsettling. But given the reality, our efforts must now focus on curbing the rapid population decrease and creating new institutions to accommodate the changing social and economic environment. To keep the nation vigorous and prosperous, this paper proposes initiatives at three levels—the community, society, and individual.

2. Initiative One—The Community

For a sustainable and vigorous society in the era of population decrease, we must build a new type of community. In the past, community building was premised on constant population growth. But as birthrates decline and aging progresses, our needs with respect to housing and the community are shifting.

The household structure is shifting. Standard households comprised of a married couple and children are decreasing, while single-person and two-person households are growing. By 2015, households with two persons or less are expected to comprise the majority. As a result, Japan's housing stock, which now outnumbers households by over 10%, will become increasingly mismatched with the household structure as time passes.

Moreover, with the introduction and growth of long-term care insurance since 2000, the elderly no longer expect to live out their golden years in the conventional house with a yard. New styles of work and life are generating demand for a diverse range of housing alternatives, including barrier-free housing and accommodations designed specifically for the elderly. Small households are expected to increasingly drive housing demand in the future.

Aging has often been associated with depopulated areas with a high ratio of elderly persons. However, the elderly population and aging issues are expected to grow most pronounced in metropolitan areas. The elderly population in Tokyo and the three adjoining prefectures is projected to grow by 4.45 million persons from 2000 to 2030. Aging policies in the greater metropolitan area will thus need to address housing, family composition, land price and land use, and employment issues in a vastly different way from other areas.

Meanwhile, the total fertility rate has continued to decline, and is especially low in metropolitan areas such as Tokyo and Osaka. While aging and declining birthrates are nationwide issues, they are most urgent and pressing in major metropolitan areas.

More specifically, aging and declining birthrates will become most pronounced in suburban new towns. New towns emerged in the 1960s to accommodate the concentration of population in metropolitan areas. At the time, they were intended to define a progressive and new urban lifestyle. But today, over four decades later, new towns are growing obsolete due to demographic, economic, and lifestyle changes.

In Japan's rapid economic growth era, these new towns grew as "bed towns" to absorb the waves of workers migrating to the big city. Unfortunately, new towns were unable to adapt to subsequent structural changes in the economy and population. Premised on the standard household structure of a married couple with two children, they are unsuited to today's diverse household structures and lifestyles. To prevent the new towns from decaying into "old towns," we need new policies for land use, housing, and community revitalization.

Moreover, as Japan's society matures, the way we work and live has changed significantly. To empower lifestyle changes and meet the diverse and refined needs of the public, we also need to fundamentally revise the urban structure.

Revitalizing new towns will entail more than policies that address aging and declining birthrates. We need to develop communities designed for the era of population decrease—where homes are close to workplaces, and urban functions are concentrated in compact cities.

3. Initiative Two—A Thriving Third Sector

In April 2005, the Council on Economic and Fiscal Policy released a report entitled, *Japan's 21st Century Vision: A New Era of Dynamism—Closer Ties and a Wider Range of Opportunities*. The report, which looks ahead one-quarter century to 2030, identifies three major challenges for Japan: (1) population decrease and ultra-aging; (2) globalization; and (3) information technology and a growing emphasis on intellectual and cultural value. Should Japan neglect reform and fall behind in any of these matters, the report describes a scenario of "gradual but steady pathway to decline"—economic stagnation and contraction, burdensome government, failure of globalization, and public demoralization leading to social instability.

To avert this dismal outcome, the report offers an alternative vision with the following aims: (1) an open and culturally creative nation; (2) a population with healthy octogenarians and abundant leisure time, (3) a thriving third sector and small government. To achieve these aims, the period up to the early 2010s is designated as a period of thoroughgoing institutional innovation.

Due to the speed of aging and decline in birthrates, Japan is on the verge of a full-fledged population decrease. The population is projected to decrease approximately 3.40 million in the 2011–2020 decade, and another 6.50 million in the 2021–2030 decade. Meanwhile, the number of elderly persons will grow approximately 5.80 million in 2011–2020, and 200,000 in 2021–2030. By 2030, the elderly will comprise almost 30% of

the population. Given the magnitude of the projected decrease and aging, what can we do to build a sustainable and vigorous society?

We focus on the third part of the panel's vision calling for a thriving third sector and small government. Themes mentioned include efficient government, privatization of public services, deregulation, decentralization, and support for NPOs. The report calls for a small and efficient government with minimal functions, and a broad range of non-government entities such as companies, NPOs, and social entrepreneurs working in the public interest to fulfill social needs. As government decentralizes and local autonomy increases, only functions that cannot be performed at the grassroots level are relegated to municipal, prefectural, or in some cases, national authorities.

Various institutional reforms are already underway to downsize government and invigorate the third sector. These include the market testing of public services, new system of public-interest corporations, Comprehensive Decentralization Law, consolidation of municipalities, and system of special structural reform zones. Taken together, the reforms represent a concerted effort to redesign civil society for the 21st century.

The success of the new civil society will depend on the "power" of the local community. This refers to the capacity of government, private sector and third sector to collaborate in urban management so as to supply what we know as public services. While dwindling public coffers are an important motivating factor, collaboration is also expected to improve the quality of life by providing services that satisfy increasingly diverse and refined needs. To harness the community's power of collaboration, we must revive communities and build empowering networks among residents—that is, social capital.

The collaborative capacity of the community is largely determined by the accumulation of social capital. Social capital not only generates the civic activity leading to collaboration, but is in turn enhanced by civic activity. And as society as a whole accumulates social capital, it tends to offset the negative effect of population decrease on GDP, and to reduce the costs to society.

Thus for society to thrive in the 21st century, we will not only need to develop the conventional physical infrastructure of society and necessary public services, but accumulate the non-physical infrastructure—social capital—necessary to enhance collaboration of government, private sector, and third sector. Indeed, as the society keeps shrinking in the 21st century, social capital will comprise an increasingly important part of the social infrastructure alongside existing social security programs for public pensions and long-term care insurance.

4. Initiative 3—Life Design for Individuals

As we have seen, to achieve a thriving third sector and small government amid the population decrease, we must design an autonomous civil society that can play the lead role. But in addition to the new social structure, we also need to empower society's most valuable resource—the individual. This means designing a fulfilling life in a way that also fulfills the civil society. In the shrinking society, the best way to empower individuals is to abolish age and gender constraints so that everyone can participate fully.

In the past, life plans were rigidly structured by age—we attended school, started a career, got married and started a family, raised children until they left home, retired, and lived out the rest of life. All of our life events were sequenced in a predictable pattern. This life plan was supported by traditional Japanese-style employment practices such as new graduate hiring, seniority-based wages, and lifetime employment. But as traditional employment practices crumbled, life plans failed to adapt, leading to the inefficient and wasteful use of human resources. In the era of decreasing

population, society needs to abolish age constraints and empower people to choose life events, and social diversity based on individualized life plans.

A case in point is the "2007 problem," where baby boomers (persons born in 1947–1949) will soon turn 60 years old and start leaving the labor force in large numbers. Most baby boomers are still healthy and willing to work. But interestingly, what they seek is not more of the same old routine—many want to renew relationships with society by starting a business or participating in the community. Clearly, we need to build a society where baby boomers and others can continue to participate unimpeded by age constraints.

Moreover, to maintain the nation's vitality, we need to construct a social environment where retirees and young persons alike can participate together. Unemployment among young persons is on the rise, with fewer choosing regular employment and the ranks of NEET and "freeter" youngsters swelling. Unstable employment tends to discourage marriage, aggravating the decline in birthrates. We need to build a society that supports employment and financial independence of young persons, improves communication skills, and empowers flexible and diverse life course design.

Gender roles also need to become more flexible. During Japan's rapid economic growth era, gender roles were clearly defined—men worked outside the home, leaving women to do the housework and raise children. Then more women began working due in part to rising education levels and the Basic Law for a Gender-Equal Society, making the work-life balance a prominent social issue. Since diversity is crucial to a strong society and economy, we must encourage women's participation in decision-making and increase the diversity of employment. However, entrenched attitudes and institutions continue to impede the participation of women in many areas.

But while the employment of women has gradually expanded, gender roles in the family have stagnated. Indeed, so-called support measures for work-family balance have simply shifted both burdens onto women. Since the work-family balance is a crucial issue for both genders, society needs to reconsider how both men and women work so that both genders can achieve a genuine work-life balance. Gender equality also entails that social security programs such as pension, health insurance and long-term care insurance are altered so that benefits and burdens accrue to individuals. For individuals to live prosperously regardless of gender, we need to rid society of all gender constraints and develop gender-neutral institutions.

To avert a precipitous decline in population, what we need are not policies that combat the declining birthrate, but a new approach that mobilizes society as a whole to foster the next generation—the socialization of child raising.

5. Prospering in the Era of Population Decrease

In 1986, a movement began in Italy called the "slow food" movement. In contrast to "fast food," which tastes the same everywhere in the world, slow food cherishes the food culture of each locality. In this sense, the slow food movement affirms the value of local communities.

In Japan, more people are spurning city life to enjoy the slower paced, greener "slow life" of the suburbs. Just as slow food is less about rejecting fast food than affirming the community, the slow life is not simply about living life at a slower pace, but living a life rooted in the community.

The slow life also helps us to discover our place in the community. Many workers relate to the community simply as a place to catch up on sleep. The slow life connects individuals to communities across all aspects of life, including work. Instead of the traditional regional structure that

Three Initiatives for a Thriving Society Amid the Population Decrease

① Community building	⇒	Slow life rooted in the community
② Society design	⇒	Thriving third sector (autonomous civil society with abundant social capital)
③ Individual life design	⇒	Empowering individuals to participate (young, elderly, and women)
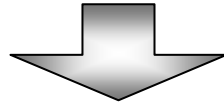
Thriving society with a decreasing population

separates workplace and home, suburbs can offer the possibility of bringing the two together, and creating an environment where not only women and the elderly but everyone can find work easily.

For the economy to maintain its size as the population shrinks, productivity growth will be essential. We will also need to trim fiscal spending by downsizing government and delegating as many functions as possible to the private sector, and to construct an autonomous civil society that will play the central role.

In the last century, the economy and society pursued the goal of efficiency. But efficiency has come at a cost. Economic globalization may desirable and inevitable, but it also causes North-South disparities and growing poverty on a global scale. To achieve a small government and thriving third sector, we must empower communities—that is, to design a new civil society.

People are a valuable but dwindling resource. To make the society sustainable, we need to constantly improve efficiency by deregulating and promoting free competition. Of course, competition must be based on equal opportunity. Moreover, this does not mean that any outcome is tolerated—majority rule may be the foundation of democracy, but minority opinions must also be respected. The civil society of the 21st century must not only be an efficient and competitive society based on equal opportunity,

but also one that is appropriately sensitive to equitable outcomes.

Society's values are now shifting away from the excessive emphasis on economic growth as a barometer of happiness. To live prosperously in the era of population decrease, we must build a civil society that empowers communities to construct a social safety net, and that fully empowers individuals as well.

To harness the power of individuals, we need to strip away existing age and gender constraints. People will truly shine when given the chance to develop their abilities. With the population decreasing, life designs that empower individuals go hand in hand with creating an autonomous civil society.

6. Conclusion

The term "population decrease" tends to have negative connotations. Indeed, aging and declining birthrates will take a toll in many ways—overburdening social security programs for pension, health care and long-term care insurance, dampening the economy's growth prospects, and diminishing the nation's presence and influence on the international scene.

On the other hand, while population decrease is inevitable for mature societies, it does have a bright side. For instance, in densely populated cities, population decrease can lead to better

housing and commuting conditions, and reduce high logistical costs associated with traffic congestion. Schools will become less crowded, allowing each student to receive more attention. The important point is how smoothly social and economic systems can shift to accommodate the population decrease.

In addition, aging implies that people will live longer, which is a good thing in itself. Our task is to build a society where people can age gracefully and with peace of mind. For the shrinking society to remain vigorous, we must empower individuals by eliminating age and gender constraints, create an autonomous civil society that takes the initiative and does not rely on big government, and build our lives around communities living. Population decrease is undeniably a key word that will define the direction of society in the 21st century.

Note

For further reading (in Japanese), see Akio Doteuchi (2006), *Understanding the Era of Population Decrease—Designing an Alluring Society and Life*, Gyosei, 220 pages, ¥2,000 (ISBN 4-324-07905-6).

The book is based on a series of papers on aspects of the coming era of population decrease, originally published in the *NLI Research Institute Journal*—"Designing Civil Society in the 21st Century" (June 2005, vol. 37); "Life Design in the Era of Population Decrease" (Sept. 2005, vol. 38); and "Community Building in the Era of Population Decrease" (Dec. 2005, vol. 40).