



Rural Regeneration in Japan

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Executive Summary

1. This report aims to comprehensively describe the rural problems in Japan and to discuss some practical measures and new activities for regeneration that have begun in rural areas

2. There are multilateral problems of rural areas at present.

1) In hilly and mountainous areas (uplands, typical less-favoured areas in Japan) in particular, the problems can be classified into three aspects according to the situation. They are problems of population, land, and hamlet. However, more essential degradation is working at a deeper level. Residents in these regions are gradually losing pride in continuing to live there. This is called "degradation of pride".

2) These degradations have been recognised as a long-term process in hilly and mountainous areas. Recently it has spread to all rural areas including the flat rural areas (lowlands) that are not relatively less-favoured.

3) Degradation of hamlet has accelerated further in hilly and mountainous areas, the starting points of degradation, and in some regions, community functions are declining rapidly.

4) These problems are accelerated by the municipal mergers, so-called "The Big Merger in Heisei-era" which was intensified during the last decade. In some cases, big merged cities cannot collect comprehensive information relating to problems in the peripheral areas under their control.

3. When rural regeneration is discussed the focus is the community that engages in all sorts of local activities in order to achieve a peaceful, pleasant, and prosperous life in which the individual can take pride. In fact, a new type of community has been recently established in rural Japan. The self-created and self-initiated organisation and activity are the most fundamental characteristics of new communities. They can be explained as follows: the residents in the region are conscious of "our own task" directly concerning themselves and deal progressively with the task to open the door to the regional future in cooperation with their companions in the region. I propose calling these organisations "self-created autonomous organisation".

4. We can look at the actual picture through some early examples. The pioneering activities nationwide are classified into the following four economic patterns and will discuss examples of the development and establishment of new rural industries.

1) Economy for preservation of local resources (as the base for a new industry)

2) Economy of the sixth industry (as a new field of industry)

3) Economy of exchange industry (as the development of new industry)

4) Tiny economy (as the size of new industry)

Because of these characteristics in rural areas, it is important to build up an industrial structure composed of agriculture, forestry, fisheries, and other related industries.

5. Three common factors are identified as strategies for rural regeneration as follows.

1) Arranging opportunities for participation: The participation of residents in rural areas cannot become a reality if it is left to occur spontaneously. It is necessary to deliberately set up systems for participation. Therefore, it is essential to create new opportunities for participation, through which every resident of the area can involve himself or herself in local issues as an individual.

2) Building up systems for collecting and circulating money: Due to the process of rapid reduction of household income, we face the task of promoting local industries that are not dependent on public funding and involve agriculture. It is also important in rural areas to set up new forms of local economic circulation. This is called building up systems for collecting and circulating money.

3) Creating standards for living: It is recognised that there exists degradation of pride at the root of the problems in rural areas and the regeneration of pride is especially important to deal with the situation. Accordingly, it is necessary to deliberately formulate standards in making value judgments on one's own life at every opportunity such as rural and urban exchange activities.

6. This paper introduced some new activities for local promotion that have begun in rural areas. All of them are actually in progress now, and it is possible to learn much from the "local power" of field activity. Nevertheless, regeneration of rural areas can hardly be realised in the present society with considerable gaps between the urban and the rural, if it is to rely solely on the "local power". In other words, when it is assumed that the course of rural regeneration may be endogenous development, it is also important to support the foundation of these activities, to achieve a balanced development of the nation, that is, the bridging of the gaps between rural and urban areas

Key words: Rural degradation, Degradation of pride, Marginal hamlet, New Rural community, New rural industries, Strategies of rural regeneration, Endogenous development

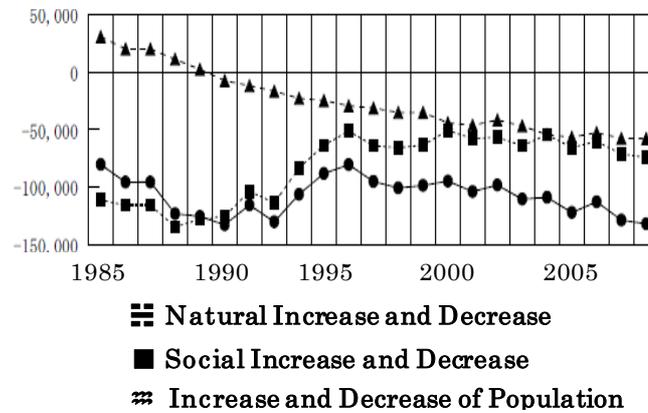
1. Introduction

While agriculture in Japan has not long been a matter of public discussion in recent years, people have increasingly turned their attention to it because of their concern over food security, stimulated by the country's low ratio of food self-sufficiency (39% in 2010) and frequent food safety incidents. At the same time, the bankruptcy of a provincial local government gave people a strong impression of the basic weakness of their predominantly rural regional economies as well as the failings of the local administration.

The problem of "rural areas" lies at the intersection of these concerns about "food and agriculture" and "regional economy". However, it is seldom discussed in these terms and remains largely unacknowledged. The only exception is the debate around the problem of what are known as "marginal hamlets" (barely viable communities). The term was first used by a sociologist and is now favoured by the mass media, which often feature such hamlets.

Some of the processes of change that are underway are certainly a cause for alarm. However, these are not problems restricted to specific regions but are found across Japan. Press reports and media discussions, however, are often limited to an emphasis on "the marginal hamlets". This strong emphasis on marginal communities gets in the way of a fuller understanding of the generality of rural areas which have similar sorts of problems to varying degrees. The connotation of words such as "marginal" or "abandonment" attract attention away from the mundane reality of rural areas. This work therefore aims to describe the problems that rural areas generally are facing, as well as the marginal hamlets, and to discuss multilateral measures for their regeneration.

Fig.2 Trends in Population in Depopulated Areas



Source: "White Paper on Depopulation in 2007FY", Ministry of Internal Affairs and Communications (MIC).
 Notes: Based on "Basic Resident Register", Population Directory of MIC.

2.1.2 Degradation of Land Use- Devastation of Farm and Forestry Land

The degradation of land utilisation for farming and forestry has also been progressing at a remarkable rate, especially since the mid-"80s. It resulted in the abandonment of cultivation and ruined forestry land, due to the shortage of labour in agriculture and forestry.

The degradation of land has coincided with the process of population decline through natural decrease. In the earlier period of rapid social decrease of population, in many cases the older generations had chosen to stay in their places of origin and continued in farming and forestry. The labour shortage did not become immediately evident at that time, owing to new labour saving processes using mechanisation and chemicals and also due to the improved health and longevity of the parent generations.

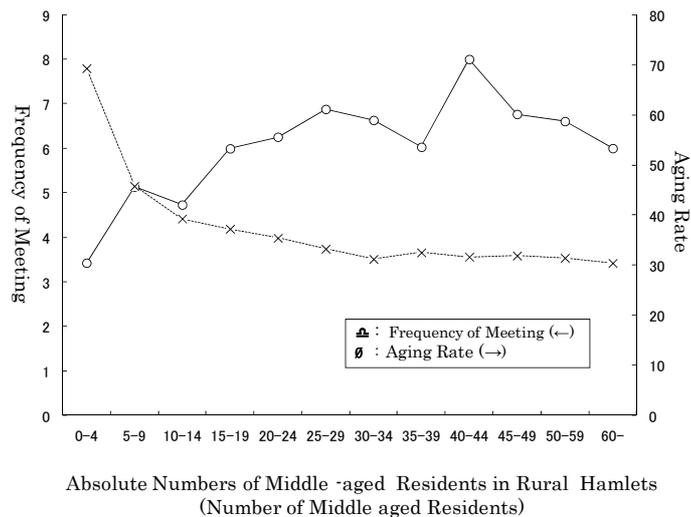
However, the labour shortage has become a real issue now that the older generations have retired and population decrease is largely due to natural decrease. As a result, farming has rapidly been abandoned, especially in hilly and mountainous areas; thus, the problems of hilly and mountainous areas were first brought up for discussion in the national political arena. The term "hilly and mountainous areas" has been previously used in academic circles in discussing specific regions since 1960"s. The public administration, the Ministry of Agriculture, Forestry and Fishery (MAFF) in 1988 defined it as "areas with insufficient flat farmlands", and included in this both areas on the periphery of the plains and in the mountains.

2.1.3 Degradation of Hamlets -- Weakened Community Function

We recognise the degradation of population and land when we see villages that are "sparsely populated and deserted" or "of weedy and desolate appearance" but the degradation of hamlets is not so visibly evident. The deterioration of community functions creeps on silently, so to speak. It is not easy even for those working in local government to see the real picture without gathering detailed information on the districts in their charge.

Fig. 3 draws on a survey of hamlets in the hilly and mountainous areas in Yamaguchi Prefecture. It shows the aging rate of the middle-aged population (30-64) for each group of hamlets clustered by the absolute numbers of middle-aged residents they have and the frequency of meetings in rural communities. We see that the process of aging is more evident in communities where the middle-aged population is lower. This indicates the actual decline of population. It is also important to notice that the frequency of meetings in rural hamlets is significantly low in those rural communities where the middle-aged population is especially small. The frequency of meetings reflects, in general, the activity in rural hamlets. Whenever a hamlet sets about any activity, meetings of all its members are convened and decisions on the issue under are made there. Thus, when meetings are not often held in a hamlet, it can be understood to be not very active. We can see in Figure 3 that the degradation of hamlets occurs in the areas where decline of population is advancing.

Fig.3 Population Decline and Degradation of Hamlet in Communities in Hilly and Mountainous Areas, Yamaguchi Prefecture, 2000



Source: Odagiri, T. and Sakamoto, M. (2004)

Notes:

- 1) Prepared according to the Research Data on Rural Communities in Yamaguchi Prefecture, the Census on Agriculture, 2000, by Ministry of Agriculture, Forestry and Fisheries.
- 2) The target rural hamlets are limited to those in hilly and mountainous areas in Agricultural Statistics.

In 1991, these problems in mountainous villages were discussed using the new term "marginal hamlet". The hamlets under discussion were in Kochi Prefecture, where the shrinking and aging of the population proceeded rapidly, abandonment of farmlands and forestry lands increased, and serious stagnation in the functioning of the community became starkly obvious.

We can see that these new terms "depopulation", "hilly and mountainous area", and "marginal hamlet" were created to stand for the three aspects of degradation that gradually appeared and are still the topics of discussion. In other words, these were previously unknown phenomena that required the coining of new terms and were so serious that they demanded public discussion.

2.1.4 Degradation of Pride at a Deep Level

In analysing the processes mentioned above, it is possible to recognise that these changes are no more than surface symptoms. Degradation that is more essential is working at a deeper level. Residents in these regions are gradually losing pride in continuing to live there. This is what I call "degradation of pride".

For example, an old widow in a mountainous village, looking forward to her child coming home once or twice a year, may say "I didn't want my child to live here" or "He was unlucky to be born here". A leader of an agricultural cooperative in some village, pressing the case for new housing to accommodate young people born locally, may say, "Today's young people won't live in such a rural area. They leave for the city. That's natural". Such negative sentiments are often encountered and would seem to indicate a loss of meaning and pride in living in these areas.

The population drain continues in hilly and mountainous regions, as it has since the period of high economic growth. I believe that the cause of this drain is not only the income gap between urban areas and rural areas but more deep rooted. Needless to say, this is involuntary degradation and people in these regions do not openly admit to it. At least we have to look closely at these issues and grasp the real situation when we discuss the regeneration of rural areas, especially hilly and mountainous areas. Actual support for regeneration cannot be realised without effort; and the underlying problem needs to be recognised by the administration of both the local and national.

2.2 The Expansion of Degradation into the Plains

Such degradation has been recognised as a long-term process in hilly and mountainous areas but new problems has now happened.

First, the degradation phenomena have begun to cover a considerable proportion of

rural areas in Japan. Table 1 illustrates that situation in reference to population decline. It shows the number of household members in farming families in 2005. In mountainous areas, shown on the right side of the table, the maximum frequency (mode, black circle) of household composition is two members - most of the households comprising a single retired couple - 39 out of 47 prefectures. Farming families without successors are distributed widely.

Table 1 Household Composition of Farming Family (2005)

Prefecture	Plain Areas (Members of Households)						Mountainous Areas (Member of Household)					
	1	2	3	4	5	6	1	2	3	4	5	6
Hokkaido			⊙					⊙				
Aomori			⊙					⊙				
Iwate			⊙						⊙			
Miyagi						⊙			⊙			
Akita			⊙						⊙			
Yamagata						⊙						⊙
Fukushima						⊙		⊙				
Ibaraki						⊙		⊙				
Tochigi						⊙		⊙				
Gunma						⊙		⊙				
Saitama			⊙					⊙				
Chiba						⊙			⊙			
Tokyo								⊙				
Kanagawa						⊙		⊙				
Niigata						⊙		⊙				
Toyama						⊙		⊙				
Ishikawa						⊙		⊙				
Fukui						⊙		⊙				⊙
Yamanashi		⊙						⊙				
Nagano		⊙						⊙				
Gifu						⊙		⊙				⊙
Shizuoka						⊙		⊙				
Aichi						⊙		⊙				
Mie						⊙		⊙				
Shiga						⊙		⊙				
Kyoto						⊙		⊙				
Osaka					⊙	⊙			⊙			
Hyogo		⊙						⊙				
Nara					⊙			⊙				
Wakayama		⊙						⊙				
Tottori						⊙		⊙				
Shimane						⊙		⊙				
Okayama		⊙						⊙				
Hiroshima		⊙						⊙				
Yamaguchi		⊙						⊙				
Tokushima						⊙		⊙				
Kagawa		⊙						⊙				
Ehime		⊙						⊙				
Kochi		⊙						⊙				
Fukuoka		⊙						⊙				
Saga						⊙		⊙				
Nagasaki		⊙						⊙				
Kumamoto		⊙						⊙				
Oita		⊙						⊙				
Miyazaki		⊙						⊙				
Kagoshima		⊙						⊙				
Okinawa		⊙						⊙				
Whole Nation						⊙		⊙				

Source: Census on Agriculture by MAFF

Notes:

- 1) The black circles show the maximum frequency (Mode) of household composition numbers in the particular prefectures.
- 2) No data in the plain areas in Tokyo.
- 3) The frequencies of households of 5 members and 6 members are the same in the plain areas in Osaka.

The plains (lowlands), shown on the left side of the Table, deserve some attention. Six-member households, composed perhaps of three-generation families, are in the majority in many prefectures. However, there are some prefectures, particularly in the western part of Japan (the lower part of the Table), where two-member households make up the majority. In Hokkaido and in three prefectures in the north Tohoku area, three-member households are in the majority. That is to say, in several areas even in the plains, the transition to one-generation family households is well under way. The degradation of rural areas, with its consequences for ruined farmlands and the degradation of land, is no longer limited to hilly and mountainous areas.

The frontiers of degradation have almost reached medium- and small-sized cities that function as centres of rural districts. A typical example is seen in Table 2, which shows the population dynamics in old municipalities that were merged in 2004 to make up the present Miyoshi City. Population decline in the periphery of Miyoshi City since the period of high economic growth has been remarkable. In some periods, the decrease in population in old cities and towns slowed down or accelerated. After 1975, the phenomena of increase and decrease have coexisted. Recently, however, in the 2000–2005 period, the decrease in population in every old town and village has been severe. Thus, we can see the decline of medium- and small-sized local cities and towns that have, until recently played the role of "population dams".

Table 2 Population Change in Old Cities, Towns and Villages Comprising the Present Miyoshi City in Hiroshima Prefecture

	(%、people)									
	(old)	(old)	(old)	(old)	(old)	(old)	(old)	(old)	New City	
	Miyoshi City	Kimita Village	Huno Village	Sakugi Village	Kisa Town	Mirasaka Town	Miwa Town	Kounu Town	rate	Population
1965~1970	-4.5	-17.5	-14.5	-21.1	-11.8	-8.7	-9.6	-13.0	-8.6	65,561
1970~1975	2.8	-11.1	-7.5	-16.0	-8.0	-2.7	-5.5	-9.3	-2.1	64,190
1975~1980	1.8	-4.9	-4.2	-6.4	-5.6	-3.4	-3.6	-5.3	-0.9	63,582
1980~1985	2.9	-3.4	2.0	-9.7	-3.5	2.7	-3.9	-0.4	0.8	64,089
1985~1990	1.3	-1.5	-3.7	-8.7	-2.3	-4.1	-5.1	-3.3	-0.8	63,596
1990~1995	1.0	3.0	-6.9	-7.1	-7.8	1.0	-3.3	-7.3	-1.1	62,910
1995~2000	-0.9	-3.1	-2.9	-2.6	-5.0	-4.2	-4.5	-4.2	-2.0	61,635
2000~2005	-1.5	-8.2	-9.7	-10.7	-7.1	-6.6	-7.9	-7.5	-3.8	59,314

Notes:

- 1) Prepared according to the national censuses of the respective years.
- 2) Present Miyoshi City was founded through the merger of one city, four towns and three villages.
- 3) Shadows show rates of decline exceeding 5 %.

The opposite extreme is the phenomenon of overconcentration in Tokyo. Judging from statistics on it, the period from the end of the 20th century to the present day is the third period of overconcentration of population in Tokyo following the period of the high

economic growth (1960s-1973) and the bubble economy (1986-1991). For example, the excess inflow of population into the Tokyo area in 2008 was 150,000 – the same as for 1987, the height of the bubble economy. Nevertheless, upon closer examination, it becomes obvious that the real situation now is quite different from what it previously was. Previously, people came to Tokyo to look for job opportunities and later on, some of them returned to their areas. This time, the overconcentration of population is caused by people not returning to provincial areas. Nowadays there is little of the counter urbanisation that is found in Western societies in Japan. Even if people wanted to return to rural areas, they would not be able – there is not the employment nor services they are used to. It might be more accurate to say that they cannot return rather than that they will not, considering the reality in local areas. This is a phenomenon of "overstaying in Tokyo" rather than "overconcentration in Tokyo".

2.3 "Marginalisation" and Extinction of hamlets on the Brink of Degradation

Secondly, degradation of hamlets has accelerated further in hilly and mountainous areas with community functions are declining rapidly in some regions. Ohno (2005) explained this as follows.

"Only households of single retiree remain in the hamlet. ----- Reducing the function of maintaining social community and limiting the opportunity for mutual contact, they make their lives closed and isolated----- and as a result it becomes difficult for the hamlet members to maintain a social life. Throughout this process, people in the community have to live on the verge of retaining their social life. This is the marginal hamlet."

The process is thus going on and will potentially end up the demise of the community. According to a national survey, there are 2,643 hamlets in crises that will possibly result in their extinction - 4.2% of the approximately 62,000 hamlets in depopulated areas. In the case of prefecture "A" (concealed), the proportion of that kind of hamlets in mountainous areas rises to 12%, and to 37% in the most peripheral ("dead-end") hamlets (Table 3).

In spite of this situation, some commentators recognize that it is reasonable for people to leave such disadvantaged hamlets and insists that people should be settled out of their hamlet to urban areas, taking account of the financial cost for maintenance of such hamlets. There are several discussions that suggest that extinction of such hamlets is a matter of course.

Table 3 Future of Communities in Depopulated Areas
in Prefecture 'A' (Result of Questionnaire Survey, 2006)

	Number of Hamlet	(Number of Hamlet %)	
		Hamlets at Possible Crisis of Extinction	
		Real Value	Percentage
Urban Areas	363	0	0
Plain Areas	618	5	0.8
Medium Areas	703	9	1.3
Mountain Areas	794	98	12.3
Geographical Dead-end Areas	126	47	37.3
Total in a Prefecture	2,468	112	4.6
Japan	62,273	2,643	4.2

Notes:

- 1) This is based on "Research on State of Hamlets for Land Formation Plan" (2006, Ministry of Land, Infrastructure, Transport and Tourism and Ministry of Internal Affairs and Communications).
- 2) The research on hamlets was carried out in cities, towns and villages in depopulated areas.
- 3) Prefecture 'A' is located at the western part of Japan.

For instance, Taichi Sakaiya, an economic commentator and the former Director-General of the Economic Planning Agency, highlights as follows.

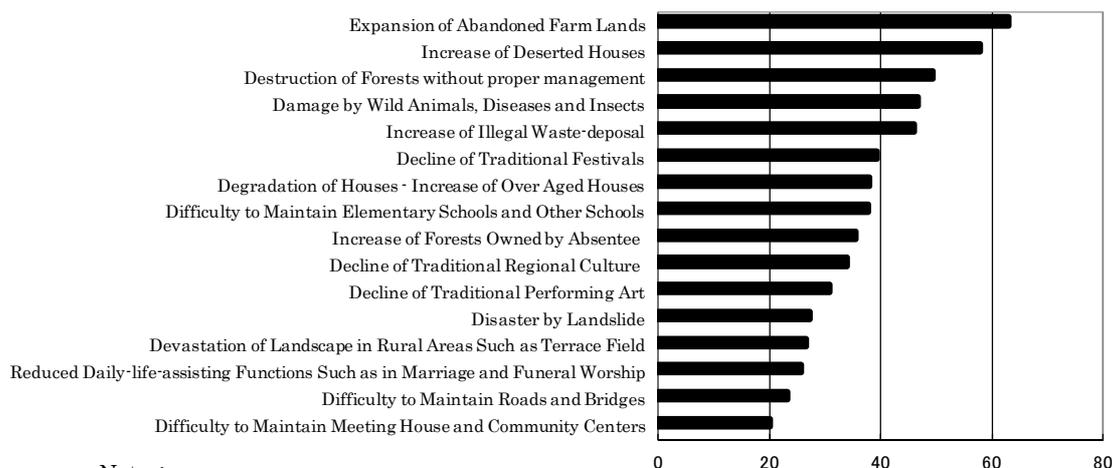
"For a balanced development in Japan, population should be distributed in all areas; however, it is necessary to change life by engineering effective conditions for it. There are 140,000 hamlets in Japan. Here, a hamlet is statistically defined as one composed of more than three households. Of all the hamlets, 5,700 are composed of fewer than nine households. The residents are old and live alone in many cases in such hamlets. Aside from the cost, we fear that this might be dangerous; they might live isolated and lonely lives and be unhappy. They could live more happily together with neighbours in bigger hamlets not far from their homes, with more than 100 households at least." (Opinion of witness in Investigation Committee of House of Councillors on National Life and Economy, 28 Jan. 2009)

Such remarks cast the issue as a problem of social welfare but the survey results given in Figure 4 suggests far more reaching consequences. The top three problems residents have are "expansion of abandoned farm lands", "increase of deserted houses"

and "destruction of Forests without proper management". These indicate the degradation of land within the relevant hamlets. However, the following problems, "damage by wild animals, diseases and insects", "increase of illegal waste disposal" and "disasters by landslide" are problems of a different nature, influenced by factors that are outside the relevant hamlets. In other words, when the shrinking of hamlets and aging of residents takes place, followed by the process of community marginalisation, they cause negative chain reactions in neighbouring and downstream regions that lead to land disasters, waste disposal problems, including also the problem of industrial waste, and damage by wild animals.

Therefore, the problems of "marginal hamlet" and extinction of hamlets should be understood as having more reaching impact on many people and vast areas of land, affecting neighbouring and downstream regions. They are not problems to be solved simply by forced migration.

Fig.4 Problems and Phenomena in Depopulated Hamlets
(Result of inquiry research in cities, towns and villages, 2006)



Notes:

- 1) Based on the data described in "The Last Report of Research on State of Communities for Land Formation Plan", 2007, Ministry of Land, Infrastructure, Transport and Tourism.
- 2) Plural answers. 16 topics (more than 20 %) are shown from 30 topics in all.

2.4 Emergence of the "Invisible Rural Areas" as a Result of Municipal Merger

Thirdly, an actual result of the move towards municipal mergers that intensified during the past decade is revealed. The number of municipalities was reduced to 1,760 at the end of March 2010 from 3,232 at the end of March 1999. The reduction was as much as 46%. Table 4 gives a general overview of municipal mergers between 1999 and 2006.

Table 4 General View of Municipal Merger Classified by Area Patterns

	Total ㉔	Merged municipalities ㉕	Unmerged municipalities	㉕→㉔ (%)
Urban areas	759	310	449	40.8
Plain areas	693	458	235	66.1
Hilly areas	1038	701	337	67.5
Mountainous areas	739	494	245	66.8
Total	3229	1963	1266	60.8
Areas recognized as depopulated	1230	836	394	68.0
Areas of population less than 10,000	1557	1094	463	70.3
Areas of financial capacity index less than 0.3	1421	984	437	69.2

Notes:

- 1) Table 4 is compiled from author's database prepared from several statics on the status of municipalities as of 1 April 1999.
- 2) The number of mergers is as at the end of March 2006, the recognition of depopulation is as of 1999FY, population is as of 2000 and financial strength index is as of 1999FY.
- 3) The financial capacity index is used to indicate the financial strength of local governments in Japan. A higher figure for it means that the local government can be said to have a greater margin for revenue sources.

Some regional features are visible here. One of them is a big difference between urban areas and rural areas, as is expected. Forty-one percentage of urban municipalities participated in the mergers and two-thirds of those in the plain areas, hilly areas, and mountainous areas. "The big merger" was thus more influential in rural areas. Indeed, approximately 70% of municipalities participated in the merger in the areas recognised as depopulated, the areas of less than 10,000 people, and the areas with low financial capacity. The size of municipalities newly created in the process of rapid mergers in rural areas is worth examining. I take the example of Niigata Prefecture (see Table 5), where the greatest reduction in the number of municipalities occurred.

The average number of hamlets in a municipality was 43 before the merger phase, and 135 afterwards, more than three times what it previously was. In those specific municipalities that were actually subjected to merger, the average number of hamlets rose to 243. Indeed, several giant municipalities comprising more than 4-500 hamlets emerged in the prefecture.

Table5 Change of Size of Municipalities before and after Merger
in Niigata Prefecture

	Before “Heisei Merger”		After “Heisei Merger”	
Number of Hamlets	112		35	
Number of Hamlets	43		135	
Number - Merged Hamlets only	-		243	
Number - Unmerged Hamlets only	-		38	
Largest Municipalities Based on Number of Hamlets (Top Ten)	Joetsu City	215	Joetsu City	672
	Niigata City	149	Niigata City	584
	Shibata City	146	Nagaoka City	451
	Nagaoka City	141	Sado City	347
	Kashiwazaki City	128	Tokamachi City	269
	Tokamachi City	118	Shibata City	252
	Shirane City	108	Minamiuonuma City	203
	Itoigawa City	108	Kashiwazaki City	185
	Ojiya City	99	Sanjo City	173
	Arai City	89	Agano City	170

Notes:

- 1) Table 5 is prepared from the data of Ministry of Internal Affairs and Communications and from “Survey on Hamlets, Census on Agriculture”, 2000, by Ministry of Agriculture, Forest and Fishery.
- 2) Here, “Before Heisei Merger” is as of the end of March 1999 and “After Heisei Merger” is as of the end of March 2006.

As a result, rural areas, especially hilly and mountainous areas, have actually reduced in the implementation of policy. In some cases, a big merged authority cannot collect comprehensive information relating to the problems in the peripheral areas under its control. Municipal offices should be familiar to residents but the distance between rural residents and these offices became larger. So sometimes municipal offices cannot adequately respond to the problems of their rural areas. Thus, "invisible rural areas" are emerging all over the nation.

2.5 Income of Households Rapidly Shrinking in Rural Areas

The fourth problem is one of economic reality. There are various opinions on the fate of the regional economy during the national recession, the so-called "once in a hundred years" recession that has been in effect since the Lehman Brothers Shock in the autumn of 2008. However, household incomes in rural areas have begun to decrease before this period. Table 6 shows the change in income of farming households, 1998-2003. The remarkable decrease shown is common to the fulltime farming sector, the semi-fulltime farming sector, and the part-time farming sector. The main factor in the

decrease of gross income is not only a decrease in agricultural income but also a significant decrease.

Table 6 Compositions of Incomes of Frame Household and Transition
(1998 ~ 2003, Nationwide)

		Total		Fulltime farming		Semi-fulltime farming		Part-time farming	
		1,000yen	%	1,000yen	%	1,000yen	%	1,000yen	%
2003	Agricultural income	1,103	14	4,744	63	852	22	332	4
	Non-agricultural income	4,323	56	851	11	5,568	66	4,773	64
	Pension and others	2,286	30	2,061	27	2,042	24	2,408	32
	Gross income of farmer's household	7,712	100	7,576	100	8,462	100	7,513	100
Changes 1998~2003 (%)	Agricultural income	-11.5		-12.1		-25.9		32	
	Non-agricultural income	-18.6		-16.2		-10.5		-21.1	
	Pension and others	7.7		16.9		2		6.7	
	Gross income of farmer's household	-12.1		-6.3		-9.7		-12.2	

Source: Statistical Survey on Farm Management of Respective Years, MAFF

Notes: Definition of the kinds of farmer households are as follows:

- * Fulltime farming: Household where agricultural income is the main income and one or more farmers under the age of 65 are engaged in farming for 60 days or more in a year.
- * Semi-fulltime farming: Household where agricultural income is not the main income and one or more farmers under the age of 65 are engaged in farming for 60 days or more in a year.
- * Part-time farming: Household where farmers under 65 years old are not engaged in farming for more than 60 days in a year.

in non-agricultural income, including wages and incomes of non-agricultural businesses. The decrease of non-agricultural businesses in the part-time farming sector amounts to 21%, 1,280,000 yen (£11,000-1£=121yen (Dec.2011), same as above), in five years.

There are, of course, several factors contributing to the situation, such as retirement of older household members, but the great change cannot be explained simply by this. The trend of economic depression in rural areas has had most impact on part-time farm households, the ones most dependent on non-agricultural incomes. Part-time farming is a typical household in rural Japan, and was once even regarded as a "stable layer in society" (MAFF, 1979) because of its relatively high income and stability. However, it can no longer be recognised as a "stable layer", at least as far as its income level is concerned.

Subsequently, the influence of the global economic recession following the Lehman Brothers Shock has especially accelerated the progression of this tendency. Although it is generally assumed that lay-offs and cessation of hiring occur in major cities,

employment adjustment is taking place at an accelerated rate in industries in rural areas.

"Research on Family Budgets of Farming Households", a report by the Ie-No-Hikari Association and the National Council of Agricultural Cooperative Women's Associations gives us some insight in this regard. The research draws on household account books, mainly of farming households, in an attempt to understand the everyday reality the rural population faces. The result, therefore, reflects the actual living conditions in agricultural areas.

The total income of 289 households, aggregated in 2008, decreases by 12% compared to that for the previous year, in both households with and without agricultural income. It is a major change in just one year, however the decreasing trend continued for three years. Forty-one percent of bookkeepers of households with agricultural income and 40% of those in households without agricultural income say that they are not satisfied with their household budget. There is a marked difference depending on the ages of bookkeepers. Sixty-three percent of those in their 40s, who bear the heavy burden of educational expenses, answer "Not satisfied".

Though the reality has to be understood in more detail, it is certain that there are serious problems in employment and income in rural areas.

3. Creation of New Community Organisations: Measures for Rural Regeneration I

3.1 A Consideration of Rural Regeneration

Rural areas are in a very difficult situation, as discussed in the preceding section. However, have proposed several ways to deal with the issues. Masaaki Ohe, a journalist, emphasises that we should learn from "local power". He writes:

"What is most required of us now is to learn from the local activities that present themselves attractively in combining new business with the primary industry and conventional occupations, securing health and life in ways that can be variously understood, and to find the points in common among them for the purpose of generalisation." (Ohe, 2008)

We should, therefore, not look on rural areas as backward regions but have to find ways to regeneration through the "local power" that develops in these rural areas. It is especially important to keep in mind the following two points.

First, in those regions where there have been steady efforts for regeneration, the aims are not only to increase income or the settlement of the youth. These practical efforts should cover a broader range of tasks comprehensive goals such as having a peaceful, pleasant, and prosperous life in which an individual can take pride.

The second is a serious problem that requires regeneration of pride. Temporary fixes measures to the loss of pride are of no use. We need to make a full-scale effort to deal with this issue. Plays on words and catchphrases, the favourite tools of some big consultant companies, are empty. We can learn much more from steady and stable activities that can be described in plain words.

Thus, it is necessary to implement measures for rural regeneration from a realistic point of view, by making multidimensional plans, and through local power.

3.2 The Second Boom of Community

When we discuss rural regeneration, the focus is the community that engages in all sorts of local activities in order to achieve a peaceful, pleasant, and prosperous life in which the individual can take pride.

Discussion about communities has begun also in central government. For instance, MAFF organised the "Ad Hoc Council on Social Capital in rural areas" in 2006. The Ministry of Internal Affairs and Communications (MIC) also started in 2007, its "Ad Hoc Council on Community" that held extensive discussions on communities, including

those in rural areas.

The discussion of community at the level of the central government boomed between the end of the 1970s and the mid-"80s. The present trend can be labelled as "second boom" . However, the background to the present boom is substantially different from the previous one. First, the main subject of discussion during the first boom was the community in urban areas, but this time, the discussion inevitably includes the community in rural areas. Second, during the previous boom, there were active residents" movements around the community. In other words, it was a discussion in a period of energetic local activity. The subject of the present discussion is the new community, whether urban or rural, as it ought to be in the period of a decline in activity.

Therefore, we have to focus on how a community should function, given this new background. It is essential to carefully examine the actual new community organisations, particularly those from rural areas.

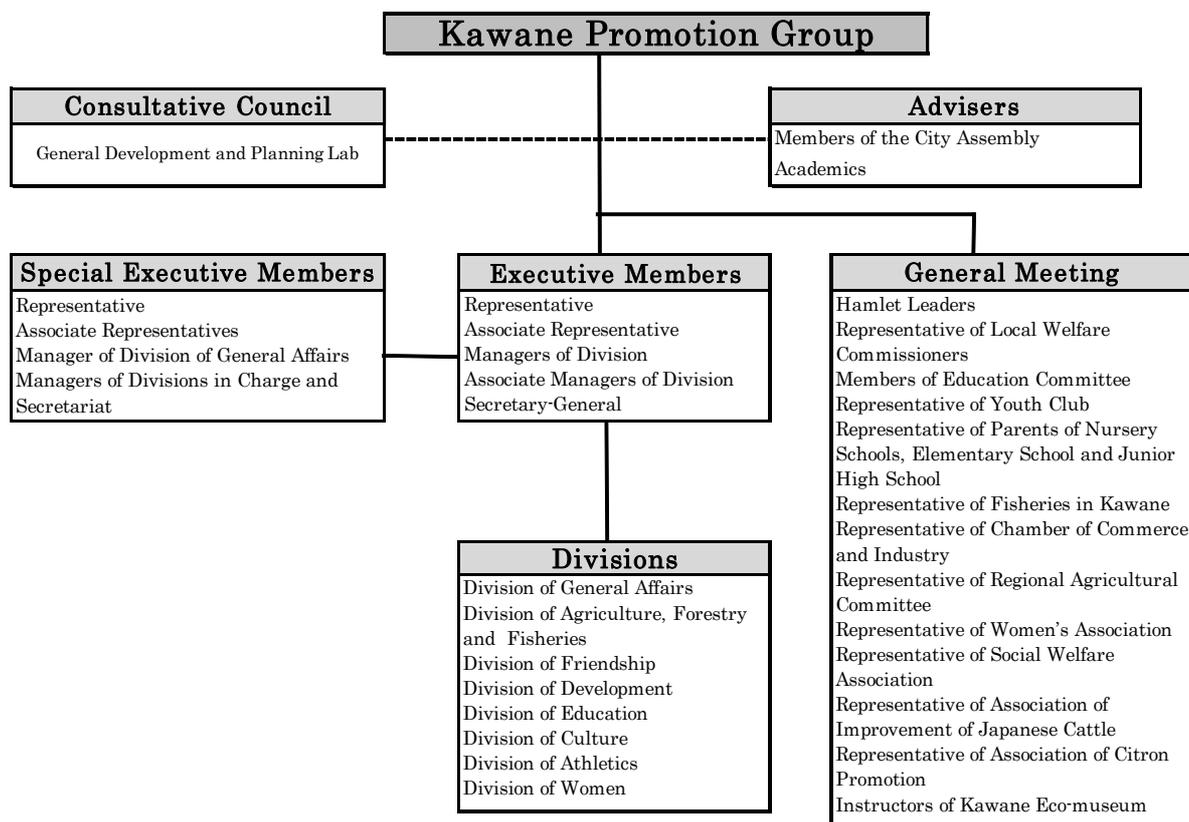
3.3. Advancing Community in Rural Areas -- Kawane Promotion Group

A prototype of a new type of community organisation in rural areas is the Kawane Promotion Group in the former Takamiya Town, which is now Akitakada City, Hiroshima Prefecture. This is actually not a new organisation but one of the national models for new community organisation, which for several years has been visited by people engaged in local activities and members of municipal staff and local councils from across Japan.

Kawane district, a village before the big mergers of the 1950s, is a mountainous area located in the northernmost part of the former Takamiya Town. It includes 19 hamlets and 247 households. The population is 570. The percentage of people aged 65 and over is quite high at 46.1% in 2009. Kawane Promotion Group was established in this district in 1972 as a local volunteer group. The group was composed mainly of the influential people in the district and, in its early days, used to examine and discuss subjects such as the development of roads and bridges. However, serious damage from heavy rain and flooding in that year fundamentally changed the character of the group. It organised an emergency response for restoration and played an important role in caring for disaster victims and repairing and clearing damaged houses. As a result, the group created a new consciousness for itself: "Never beaten by disasters! Our community by ourselves! No hanging onto the government!" The leaders of the group and many of the residents began to share a common understanding after a short period. The Promotion Group has since been transformed into an organisation of residents" participation. In this organisation, the final decisions are taken at general meetings and executive

meetings. The former consists of 46 members, 8% of all the residents, who are elected from groups and organisations, including community representatives, youth clubs, social welfare councils, and others (Figure 5).

Fig.5 Organization of Kawane Promotion Group in 2008



The divisions in charge carry out the activities that are decided upon at the general meeting and the executive meeting. There are eight divisions at present:

Division of General Affairs takes charge of general affairs. It arranges round-table conferences for local promotion where the residents exchange opinions with municipal staff and propose policy ideas to them.

Division of Agriculture, Forestry and Fisheries deals with the planning and adjustment of agriculture, forestry, and fisheries. One of its services is setting farmland for crop rotation to adjust rice production. Kawane district has a community agreement with regard to the Government's Direct Payment Policy in Hill and Mountainous Areas. The annual subsidy of approximately 5,500,000yen (£45,000) is not distributed to individual farmers but goes to the Kawane Promotion Group.

Division of Friendship includes volunteer members who are sent out to supply elderly residents with meals in cooperation with the social welfare council. The division also sends them to the community centre in Kawane district for a day-care service that is provided by a special nursing home for the elderly. The division also plans activities and manages clubs for the elderly and the single.

Other Divisions: Division of Education runs the annual "Kawane Stream Festival", and also deals with "Kawane Cooperation School", a Saturday school for school children. Division of Development runs "Kawane Firefly Festival" which attracts many visitors from outside the area and organises a clean-up of Kawane district and its rivers. Other divisions are the Division of Culture, Division of Athletics, and Division of Women founded in 2004.

The total income of the Promotion Group for 2007 was 4,130,000 yen (£34,100). The total fees and contribution paid by the members amounts to 31% of the total income. That is, each household pays on the average 5,900yen (£50) a year to the group. The remainder includes the subsidies and trust money from the local administration.

3.4 New Activities of the Kawane Promotion Group

One of the recent activities of the Group was the completion of a local commercial centre in 2004. The former Takamiya Town had bought the land, and the Group shared the expense for a part of the building; the rest came from a national subsidy scheme for development projects in mountainous areas.

There are four enterprises in the commercial centre. "Farmer Citron" is managed by the Association of Citron Farmers in Kawane district, and deals with the processing and sales of citron. A "General Store" deals widely with foods, consumer goods, and simple farming tools, and plays the role of a "convenience store" in this mountainous area. There is also a gas station and a small bank of the agricultural cooperative in the area. The post office in the district has moved to be close to the four shops. The postmaster is the manager of the Division of General Affairs of the Promotion Group. Thus, the commercial centre serves as a small one-stop location for services in the district.

The Gas Station and General Store were previously run by the agricultural cooperative and they are now managed by the Group. The cooperative decided to close its branch in Kawane in order to streamline its business. The Group closely concerned with the difficulties the residents may face, especially by the elderly, by not being able to buy essential goods such as food, daily necessities, and gasoline in the district, eventually decided to take on the management of both enterprises by themselves and bought the land and facilities from the cooperative. The residents are distinctly

conscious of having "their own shops". The turnover has grown under the present management. The residents are committed to protect their own shops through "supporting activity by buying".

Newer projects have also come up. One organises cooperative management of farmlands in the district. Another coordinates transport for residents, including conventional school buses and buses for hospital visits. The functions of the Group are thus extending even to the preservation of farmland and securing residents' transportation - serious issues in many rural areas. We can see from this case the power that can be realised when residents make a serious united effort to tackle local issues one by one.

3.5 Distinctive Features of New Community Organisations in Rural Areas

Kawane Promotion Group is already 40 years old. More recently, in other regions, a number of new local organisations playing various and similar roles have emerged. Table 7 shows some of them. Several distinctive features become evident.

The first is their distinctive names. Few of them use names relating to the conventional territorial bond of district or town. Instead, they express their will or motivation with unique names such as "Dream Future" and "Sparkle".

A second distinctive feature is in the geographical distribution. The pattern of activity is "western high and eastern low". There are two reasons for this. New community organisations are often created as a reaction to depopulation and aging, and the regional distribution of aging in Japanese rural areas is mainly "western high and eastern low". The second reason is the influence of municipal mergers. These were promoted more thoroughly in western Japan. Where mergers were carried out successfully, it was considered that the autonomy of residents had to be strengthened to compensate for the enlargement of municipalities – what is often called "the small autonomy".

Table 7 Outlines of New Community Organization in Rural Areas (Research in 2008)

Name of Organization (Location)	Year of Foundation		Form of organization	Overview of Region							Activities		Features
	Year of Foundation	Opportunity for Merger		Area	Number of Communities	Population	Number of households	Aging Ratio (65 +)	Management of Facilities	Business Enterprise			
Dream Future Kuruma (Shizuoka, Hamamatsu)	2000		Specified Non-profit Corporation	Former Village	23	780	270	45.8	○	○	Restaurant and Sales of agricultural products and processed products; Organization dealing with welfare enterprise for the aged; Sales amount of over 70 million yen in a year; Employment of 30 approximately.		
Dainiyogusa (Hyogo, Hami)	2004	○	Specified Non-profit Corporation	Hamlet	1	606	196	32.3	○	○	Sales of agricultural products and process of agricultural products as a managing organization of city facility for direct sales of agricultural products; Management of abandoned farmland; Organization pursuing the main theme of promotion of regional agriculture.		
Shinden Working Committee of Rural Development (Toiwari, Chizu)	2000		Specified Non-profit Corporation	Hamlet	1	49	18	60.0	○	○	Organization of community unit founded in the process of "Movement of Rural Development 1/0" in Chizu Town; Community Planning; Presentation of traditional performing arts; Management of restaurant, culture course and others;		
Waterhead Village Sparkle (Kumamoto, Kikuchi)	2004		Specified Non-profit Corporation	Former Village	11	1248	369	34.9	○	○	Management of a closed junior high school for accommodation, study through experience, restaurant, human resource training; General manager invited from outside who has reliable experience of NGO activity.		
Community Group in Nishiyama District (Kagoshima, Satsunakawachi)	2005	○	No Legal Personality	Plural Hamlets (elementary school district)	2	188	129	59.0			Community centre as a base where an entrusted member by the city supports activities; Promotion of Tentative "Rural foster parent system", a stay-study system of elementary school children from outside.		
Community Group in Omagoe (Kagoshima, Omagoe)	2005	○	No Legal Personality	Plural Hamlets (elementary school district)	30	772	338	38.9		○	Full-time staff of two including one entrusted by the city; Welfare activity for the aged; Successful development of perilla juice and extending net-sales of the juice and others on the web of the community.		
<For reference> Kawane Promotion Group (Hiroshima, Akitakada)	1972		No Legal Personality	Former Village	19	580	250	46.2		○	Organization founded in an early period; Multi-lateral activities, such as events of all-residents participation, welfare activity for the aged, management of retail shop, gas station and others. (see the text)		

Notes:

- 1) Based on "Local Activation by New Yui Cooperation", 2009, by Ad Hoc Council of New Yui Cooperation, Ministry of Land, Infrastructure, Transport and Tourism.
- 2) The expression "In the Opportunity of Merger" means that the organization was founded in relation to something or others with community merger.
- 3) "Former Village" in the column of area means former village before the merger in Showa.
- 4) "Specified Non-profit Corporation" (called "NPO"(Non-profit Organization) in Japanese) is given corporate status to assist them in conducting business transactions by the "Law to Promote Specified Non-profit Activities"

The third distinctive feature relates to the territory. It is easily understood that these communities are managed by groups of people who know each other or have common feeling of inhabitants. That may suggest that the community units are possibly excessively large in the merged municipality and were so even before the merger. The territories covered by the cases shown in the Table comprise 100 - 400 households and vary from a hamlet to a former village. These sizes might be at the upper limit for residents to have a common feeling of inhabitants.

3.6 Characteristics of New Community Organisations in Rural Areas

First, the activities of these new organisations are inclusive. Some local people provocatively call their organization as the "small municipality" or "alternative municipality". They actually perform a comprehensive range of functions similar to those of municipal administration, including the promotion of industry, welfare, disaster management, preservation of traditional culture, and others, as the case of the Kawane Promotion Group illustrates.

Fig. 6 Process of Development of Kawane Promotion Group

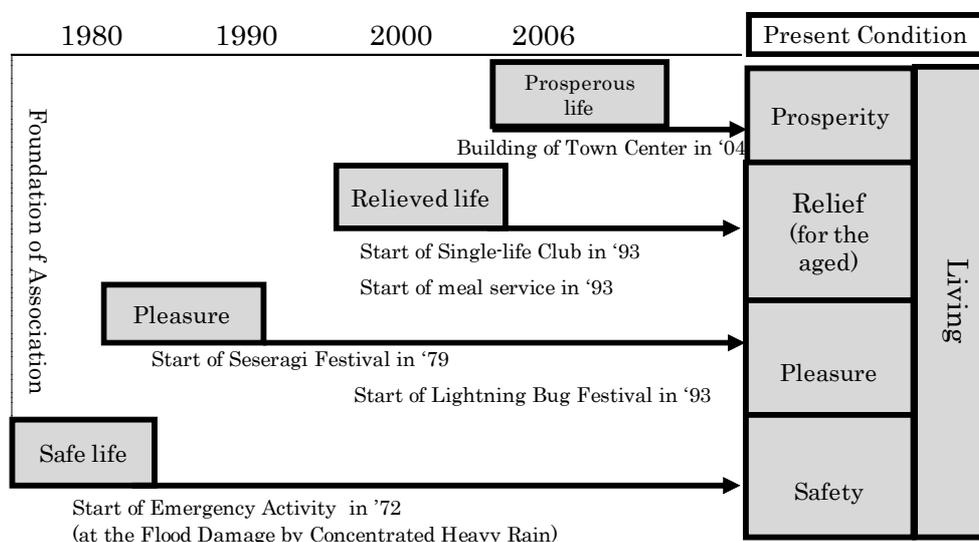


Fig. 6 describes the evolution of the Kawane Promotion Group, built up step-by-step, to encompass a range of functions:

1. Disaster prevention for the safety of life
2. Local events for creating pleasures in life
3. Local welfare activity for assistance in life
4. Economic activity for realising a prosperous life

The Group began with disaster prevention and has responded since then to various local issues one by one until the present day. Even Kawane Promotion Group, famous nationwide for its multi-faceted activities, was not expected to carry out comprehensive activities from the very start. This comprehensive character has been achieved step-by-step and through setting reasonable and realistic targets.

A second characteristic is the dualistic character of these organisations; they are self-governing voluntary bodies and at the same time, they pursue economic activity. Six of seven organisations in Table 7 carry out commercial activities. These include life-sustaining economic activity, such as through the shops and gas stations; and also the life-improving activity for the purpose of securing local employment and increasing added value. Examples of the latter include the management of a new hotel using the premises of a closed school and the management of a rural restaurant that seeks to attract urban visitors. The popular understanding that "community organisation does not deal with economic activities" is not valid here, though the operating styles are not fixed and vary one from another.

A third characteristic is that these new organisations maintain mutually supportive relations with the conventional community structures based on territorial bonds (hamlets). When it comes to marginal hamlets, several discussions have been about these new organisations as substitutes for the weakened hamlets in carrying out certain functions. However, the Promotion Group is not recognised as a substitute for hamlets even in Kawane district, where seven of the 19 hamlets are aging communities with aging population ratio (65 year-old and over) over 70%. On the contrary, the Group insists "Activity in the hamlets is the foundation of the activity of the Promotion Group". They are conscious that the hamlets are for conventional autonomous activity of a routine and preserving kind and the Promotion Group engages in new autonomous activity of progressive and reforming kind. Thus, there is a clear division of roles.

Indeed, one of the key functions of the Promotion Group is backing the hamlets both economically and morally. For instance, farmers in this area started a land improvement project and it continued until 2007 in Kawane district as a whole with the support of the Promotion Group. Some farmers say that the project could not have been realised without this support - "If the Promotion Group did not exist, we would not have continued living here."

This leads to a fourth characteristic—a progressive mode of management. New community organisations are distinctly conscious of the supportive relations with hamlets, and seek ways different from the conventional ways. New methods of management are pursued so that the new community organisation may progressively

realise what the conventional community (hamlet) could not. One typical example is the promotion of active participation of women and young people in the district.

In rural communities, a representative from a household as a fundamental unit participates in decision making at the community meeting. This has been an excellent management system, adaptable through history, to carry out tasks of the community unit, such as cleaning of water channels and road maintenance. However, this "one vote per household" system tends to exclude women and young people from participating in decision-making, as the voter in most cases is the male head of the household. New community organisations that aim at progressive activities have had to be innovative in order to reorganise the system for residents as individuals to participate in the management of the organisation or even in order to open up the system to include urban residents and NGOs that are willing to support rural regions.

An example of this is a new community "Dream Land Juchou" in Juchou district in Nagomi Tow, Kumamoto Prefecture. It was decided at the time of its launch that "the executive members shall comprise equal numbers of men and women". This is the base of women's empowerment in the district that leaves an overwhelming impression on all visitors. In Kawane Promotion Group, also, one of the leaders is a woman, and the manager of the secretariat is a man in his 30s.

3.7 New Community Organisations as Self-Created Autonomous Organisation

Self-created organisation and activity are the most fundamental features of new community organisations. This comes about as the residents in a locality become conscious of taking on responsibility for their concerns and dealing progressively and cooperatively with the task of securing their common future. New community organisations are examples of "self-created autonomous organisation".

Research has indicated the significance of self-created autonomous organisation, in particular through Happiness Research (the Economics of Happiness). Research in Switzerland showed that the difference in happiness between cantons can be explained to a considerable degree by the extent to which they practise direct democracy (Frey, B. S. and A. Stutzer, 2002). The conclusion is that the feeling of happiness does not always connect closely with economic factors such as income. There is a gap between economic wealth and the feeling of happiness and what fills in the gap depends on how people participate in political activity such as local governance.

In Japan, people's feelings of happiness did not increase at all in the period high growth (Hayashi, 2003). In short, there is a large gap in Japan between the feeling of happiness and economic wealth, and we can surmise that this may be due to

insufficient participation in political decision-making. The launch of new communities as discussed here may be a movement towards residents pursuing their own happiness as well as well-being. The self-created autonomous organisation signifies the creation of happiness for the self at the local level.

3.8 Management of Self-created Autonomous Organisation and Problems of Support

The self-created autonomous organisations in rural areas have begun to fight against various problems in cooperation with local administrations. Most, however, have some problems to overcome.

The first problem is securing stable finance. The annual membership fee of the organisations shown on Table 7 is about 1,000 yen (£8) to 5,000 yen (£41) per household. There are independent revenue sources. Many of the organisations receive subsidies from the municipality but these are not assured for a long period. Organisations may invest in economic enterprises that involve some risks. Securing a balanced and stable income from three sources -that is, fees and contributions, subsidy from municipal administration, and profit from commercial enterprises - is important.

The second is a problem of the juridical status of self-created autonomous organisations. It is necessary for them to have a juridical personality to go into commercial enterprises. A potential step for the present is to found "Specified Non-profit Corporation" or so-called "NPO" (Non-profit Organization) in Japanese. Four of 7 organisations in Table 7 are Specified Non-profit Corporations. However, they are founded on the condition that the management of organisation should be open to the public and this is not particularly suited to an organisation based on territorial bonds.

The third problem is how the government should view the relation between the new community and conventional organisations. The residents typically have a two-layer form of organisation in self-created autonomous organisations and hamlets. The self-created autonomous organisation is often regarded as a substitute for the "marginal hamlet", and some discussions suggest that the conventional local community structures need not to exist anymore when the new community is founded. That is to say, "If a hamlet is of no use, a broad area organisation may replace it." This approach, though, is perhaps too facile. In the case of Kawane Promotion Group, both of the two-layer organisations are required to be active and are conscious of their role sharing. Therefore, government should accept the various activities must be sustained for the maintenance and enforcement of conventional community organisations.

The final problem relates to the response to policy measures. Concerned authorities

often set unrealistic targets and expectations in a hurry to implement policy that deals with the problems of a community. In some cases, in prefectures, cities, towns, and villages, they may target establishing new community organisations and promoting their activities. However, it takes a lot of time to develop such organisations. In the words of Kotaro Kodama who supervised the development of Kawane Promotion Group as the former mayor of Takamiya Town:

“Developing community and autonomy is "a lifetime task. Please do not get tired and do not push yourselves too hard. Do it at your own pace.”

4. Establishment of Local Industries: Measures for Rural Regeneration II

4.1 Economy for Preservation of Local Resources – The Base for a New Industry

Incomes have rapidly decreased in rural areas. Therefore, it is a pressing task to develop industries that are not dependent on public work projects. We can look at the actual picture through some early examples. The pioneering activities nationwide can be classified into the following four economic patterns.

We should recognise first that the industries are based on local resources, which include natural conditions, such as geographical features, climate, rivers, and farmland and forestry land existing alongside wilderness. Identifying and utilising local resources might be the basis for establishing industries in rural areas.

However, the use of these local resources should run parallel to their preservation. The basis of local resources is nature and the ecological system. When these are damaged, the cost in the long term is high. The residents of particular areas have sufficient knowledge and skills to preserve the resources, acquired during the long history of their habitation within the area, and typically make continuous efforts to preserve them.

For example, the grassland in the Aso region in Kumamoto Prefecture is particularly unique. This grassland is a scenic resource. It is also a pasture for cows and horses and has been so for over a thousand years. It is, thus, a stock-raising resource. The pasture growing cooperatives and hamlets spread much effort every year to maintain these grasslands. They cut the grass to create fire lanes and carry out controlled burning in the fields every year. Without these efforts, the grassland would be mere wasteland.

People often refer to "full use" of local resources in developing local industry but they also have to consider the preservation of local resources and measures to improve the quality of the resource. That kind of local resource will give urban consumers a positive impression and motivate them to purchase commercial goods produced in areas using that resource. Therefore, it is necessary to create a story while identifying, preserving, and enhancing local resources and to share this story with consumers, associating it with the commercial goods on offer.

In recent times, the "long-tail effect" on the internet has received a significant amount of attention. Individuals can deal on line with an enormous variety of goods, but do not have to worry about storage and exhibition space; they can expect to sell their products in large quantities and earn a good profit through sales of unique goods that appeal to niche tastes. One factor that promotes consumption is the sympathies consumers may have and also the story motivating them to purchase. The efforts to preserve and

enhance local resources may result in urban consumers having sympathies for a product and increasing the possible consumption of goods appealing to niche tastes through the internet. This will create a base for a new economy in rural areas that is an economy of local resource preservation.

4.2 Economy of the Sixth Industry – A New Field of Industry

When an economy is focused on local resource preservation, the core of the economy is not limited to the primary industry but encompasses and combines the primary industry, secondary industry (processing of the products), and tertiary industry (sales of the products), for example local cheese industry and local brewery. This is the so-called "the sixth industry" ($1 \times 2 \times 3 = 6$) in Japanese. This concept was first discussed in 1994 by Naraomi Imamura, an agricultural economist, and has now been recognised nationwide. Before then these types of industries were called "marine industry" or "mountain products" based on the kinds of areas in which they operated; in recent times, the Japanese term for "coordination of agriculture, commerce, and manufacture" has also been used.

In terms of numeric data, domestic production by agriculture and fisheries for food accounts for 10.6 trillion yen. The monetary value of food and beverages consumed is 73.5 trillion yen (MAFF, 2009). The sixth industry in rural areas means an activity gaining added value and employment in this gap between production (10.6 trillion yen) and consumption (73.5 trillion yen).

The ultimate expression of the sixth industry is that of the farmers' restaurant or rural restaurant which is a place for consumption of a product to which no further value can be added. There are various types of management under which such establishments are run. Some of them are managed by individual farmers and others by female farmers' groups. Some restaurants are attached to farmers' markets, and others are located in service areas along motorways. There is no data at present on the variety of businesses in this sector. According to some reports, the number of such restaurants is rapidly increasing and this is one of the rare industries on robust growth in rural areas.

4.3 Economy of Exchange Industry - The Development of New Industry

The third aspect is the economy of exchange industry, which is a further development in the economy of preservation of local resources. Urban-rural exchange is not only an economic opportunity but also a major opportunity for rural capacity building in rural areas. Urban residents can learn about nature, culture, daily life, crafts and so on through exchange activities in rural areas. A rural area may be a kind of a "living

museum" for children and adults from urban areas. The value of nature, culture, and ways of life in rural areas is reinforced, when visitors praise aspects of life that may, for the local people, be mundane and ordinary, such as food and scenic views. The exchange works as a kind of social education through which guests and hosts can learn from each other. This exchange, especially through green or eco tourism conducted as an economic activity, can add new value in terms of people learning from each other. A tourist business built on such exchange tends to get far more revisitors than any ordinary tourism service provider does.

A fundamental strategy is to encourage repeat visits and increase the number of customers who want to experience family life on a farm; this is essential for an industry that is likely to operate on a reduced scale in a situation of decreasing population. The exchange industry is expected to have the potential to develop. Therefore, a new sector of "the exchange industry" should be conceptualised as a sector apart from tourism.

4.4 Tiny Economy – The Size of New Industry

The fourth aspect is related to the size of the industry needed; I refer to it here as the "Tiny economy". Table 8 shows the results of a survey of residents, including non-agricultural households, in the hilly and mountainous area in Yamaguchi Prefecture. To the first question - "Is your economic position satisfactory?" - 60 to 70% of the answers were "Not satisfactory", regardless of age and gender. As we saw in the previous section, income problems are common in rural areas. The question immediately following was "How much additional income do you need, monthly?" It is interesting that most would be satisfied with modest additional income: only 32% of male respondents and 22% of female ones wanted an additional monthly income of more than 100,000 yen (£830). Many of the older residents wanted an increase in income amounting to less than 50,000 yen (£410) per month. Indeed most of the residents could fulfil their desires if their income increased by at least 30,000 yen (£250) a month and at most 100,000 yen a month at most, thus giving them additional annual incomes of 360,000 (£3,000) to 1,200,000yen (£9,900) .

It would not be very difficult to efficiently promote industry in rural areas to increase levels of income accordingly. It may be possible to reach the required level, for instance, with income from sales at farmer's market, direct marketing facilities, by processing agricultural products, or by managing farmstays. With success in creating a number of opportunities from the "tiny economy", the next task would be to put in place local managers to develop new enterprises to stabilise economic activity. For this purpose, it may be necessary to create a kind of middle-sized economy with annual incomes of

2,000,000 (17,000) to 3,000,000 yen (25,000), drawing on contributions from a number of tiny economies.

A succession of these tiny economies in rural areas may possibly connect to middle-sized economies that could employ young people. Some municipalities in rural areas still try to attract big factories from outside the area to create employment for the young. But almost all municipalities fail in those trials under the prevailing economic situation. They might be better advised to work on such alternative development as establishing tiny industries through their industrial policy.

Table 8 Economic Levels of Residents and Their Wishes
(Result of Questionnaire Survey in Hilly and Mountainous Area in Yamaguchi Prefecture)

		Total Number (Answer)	Is your economic level satisfactory?		How much additional monthly income do you need in case it is not satisfactory?				
			Satisfactory	Unsatisfactory	10 thousand yen a month	10-30	30-50	50-100	More than 100 thousand yen a month
Male	~ In the 20s	132	28.8	71.2	0	10.5	21.1	37.9	30.5
	30s	169	30.2	69.8	0	3.4	23.5	47.1	26.1
	40s	224	27.7	72.3	0.6	3	18.3	37.2	40.9
	50s	353	31.4	68.6	0	3.3	16.3	40.2	40.2
	60s	321	31.8	68.2	1.4	5.9	15.3	45.5	32
	70s	326	30.4	69.6	0.5	8.6	29.5	34.5	25.9
	80s~	132	44.7	55.3	1.4	21.7	26.1	30.4	20.3
	Male Total	1657	31.5	68.5	0.5	6.6	20.7	39.6	32.4
Female	~ In the 20s	153	36.6	63.4	0	13.7	31.6	28.4	26.3
	30s	183	34.4	65.6	0.8	8.4	37	38.7	15.1
	40s	235	34	66	0.7	4.6	29.4	39.9	25.5
	50s	411	33.1	66.9	0.4	4	23.8	41	30.8
	60s	404	32.2	67.8	0.4	7.8	30.4	40.7	20.7
	70s	391	34	66	2.1	17.6	34	30.7	15.5
	80s~	193	43.5	56.5	1.9	22.3	34	25.2	16.5
	Female Total	1970	34.6	65.4	0.9	10.2	30.5	36.4	22.1

Notes:

- 1) Based on "Questionnaire about Vision on Promotion of Hilly and Mountainous Area" carried in June and July 2005 by the Division of Regional Promotion, Yamaguchi Prefecture. "No answer" is omitted in the table.
- 2) In this survey 10 districts (the unit of former village) were chosen in the hilly and mountainous areas in the prefecture and the subjects were all the members of households over 18 years old. The forms were distributed to 5832 members in 2512 households and collected from 4771 in 2086 households.
- 3) The indication of "Don't known" is omitted and the total of the figures in the columns does not add up to 100%.

5. Strategy for Rural Regeneration

5.1 Three Factors in Building up Strategic Systems

When we take a general view of several challenging activities that have progressed well, we find three major factors common to the strategies followed.

5.1.1 Arranging Opportunities for Participation

It is natural that local development must be dependent on the participation of residents in the area. However, this cannot become a reality if it is left to occur spontaneously. It is necessary to deliberately set up systems for participation. There exist, in rural areas especially, conventional systems for hamlet meetings involving all the households. They may discuss local problems at the meeting. However, young people and women are often excluded as a matter of practice because of the "one vote per household" system. Therefore, it is essential to create new opportunities for participation, through which every resident of the area can involve himself or herself in local issues as an individual. This is the very process of building up the self-created autonomous organisation discussed earlier. In other words, it is necessary to build up an organisation of residents characterised by being "comprehensive" and "progressive" in its operation.

5.1.2. Building up Systems for Collecting and Circulating Money

Due to the process of rapid reduction of household income, we face the task of promoting local industries that are not dependent on public funding and involve agriculture. It is also important in rural areas to set up new forms of local economic circulation. Tomohiro Okada, a regional economist, says:

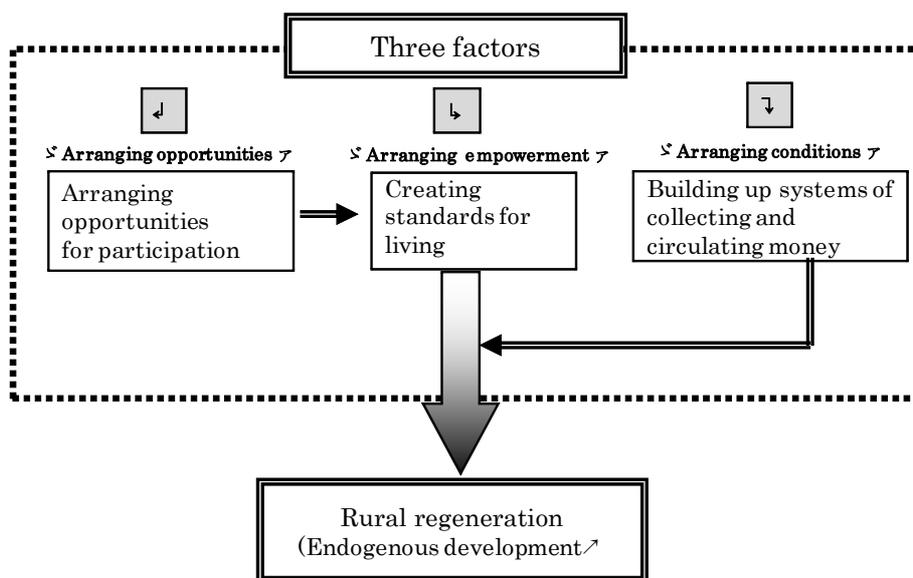
"In order to realise the sustainable development of the local economy, it is absolutely essential to build up capacity for repeated reinvestment in the area, i.e., local reinvestment capacity." (Okada, 2005)

5.1.3 Creating standards for living

We recognise that there exists degradation of pride at the root of the problems in rural areas and the regeneration of pride is especially important to deal with the situation. However, pride that encourages residents to continue living in a particular place cannot be formed without some kind of basis. This is a problem, especially in present-day Japan, which is strongly the urban- oriented society, even in rural areas. Accordingly, it

is necessary to deliberately create specific standards for life e.g., standards of regional history, nature and culture including local cuisine, local landscape, and traditions of hospitality.

Fig7. Three Major Factors for Rural Regeneration in Japan



5.2 An example of strategic regeneration

The three factors described above correspond to "opportunities", "conditions", and "empowerment" shown in Fig 7 on rural regeneration and they are inevitably significant in the actual activities in different areas.

The case of Iida City in Nagano Prefecture gives us the best picture of the importance of these factors. Iida City has declared an original policy to build up the "cycle of human resources". The rate of population outflow of graduates from high schools has touched 80%. Many young people move out to Tokyo and other cities after graduation, as there is no university or college in the city. Only 40% of them come back to the city. The policy of the city is closely related to this situation. Mituro Makino, mayor of the city, has declared that one of the city's main considerations is to build up a "cycle of human resources" in which as many young people as possible can bring up their children and form the next generation in this city in order to promote sustainable regional development.

The following three points are their actual political tasks: 1) Developing industries so that young people can come back, 2) Building capacity of human resources so that young people can come back and 3) Developing the area so that young people may

wish to live in it in the long term. The slogan for 1) is "Earning and circulating money". This means that the income increases from outside the area and the outflow of money to outside is reduced, thus promoting the local economy. To realise 2) they stress the "local-growing power". That means "the power to exploit resources in lida and create human resources that have confidence and pride in the value and originality of lida". They carry out mainly vocational education at the elementary and junior high school in cooperation with home, school, and local people. The City Ordinance for Autonomy has been formulated to realise 3) and might be called the regional "constitution". In practice, a new self-governing organisation has been built up in each area centre that is a fundamental unit for local activities, and municipal staffs fully support the management of these community organisations.

5.3 The Practice of Creating Standards - Localism and Rural and Urban Exchange

It is important to address briefly how to achieve one of the three factors in rural regeneration – creating standards of life. Needless to say, "standards of life" are native to particular areas. Because the standards are specific to the areas, they are connected to the pride and value judgments that support the residents' choices to live there in the long term. It is, therefore, important to build up actual standards on the basis of real life. There have been numerous discussions and reports on accumulated practices.

The typical process is as follows: 1) Drawing maps for regional inspection - walking around the locality, 2) Adjustment and sharing of tasks, 3) Drawing up a blueprint for the future of the area, 4) Organising meetings for interim reports on the area, 5) Setting targets and making plans, 6) Making schedules for activity and 7) Put into practice. Step 1) is especially important. Residents walk together around and inspect the area, read maps and aerial photos, and make detailed examination of what they see. The participants can share information on the real situation in the area -- its problems and strengths -- during this process. They can develop a sense of belonging and common purpose in the area.!

Records of past practice indicate that the workshops on rural development are the first step towards rural regeneration. This kind of activity has been increasing, since Tetsuro Yoshimoto, a former member of staff of Minima City, and Tomio Yuki, a folklorist, defined and systematised the field of study more positively using the term "the study of locality". Tetsuro Yoshimoto explains "the study of locality" as follows:

"In "the study of locality" we don't look for what doesn't exist in the area but

focus instead on things that do exist in the area. We can see the existing things, take photos, and ask residents what they are. We document what we find or what we discover in pictorial maps. On closer inspection of particular maps, we further document the meanings we surmise. We can find things using this process that we may not have seen before. And ultimately we find ourselves." (Yoshimoto, 2008)

What he describes here is actually "creating standards of life".

Another means to generate standards of life is through exchange activities between rural and urban areas. When the exchange activities is carried out systematically and deliberately, rural people can see the value of their area, through the eyes of urban people. The comments of urban people - such as "this local dish is delicious" or "I always feel peaceful and comfortable in this area" - may help rural people discover new merit in their own area. In this way, urban people can provide rural people with a kind of mirror that reflects "treasures" in the rural area ("the mirror effect of exchange activities").

At some point, such rural-urban exchange can bring a sort of "fatigue". Rural people who at first take part earnestly in the activity become gradually to be fed up with rural-urban exchange (so-call "fatigue from exchange activity" in Japanese) because they really have thrown themselves into entertainment for guests from urban areas. Then some doubts occur to them: "We have bowed our heads and served urban people but what kind of effect is left in our area?" Several areas have, in fact, stopped such activity. Nonetheless, we may say now that a transformation from "bowed-head type of exchange" that brings exchange fatigue to "pride-filled type of exchange" is taking place, allowing rural people to re-appreciate the value of their area through the approval of urban people. The exchange in activity between rural and urban areas is now changing to create standards of life.

6. Conclusions – Toward Rural Regeneration in the Future

6.1 Running after the Two Hares: Gap Correction and Endogenous Development

I have introduced in this paper the new activities for local promotion that have begun in rural areas. All of them are actually in progress now, and we can learn much from the "local power" of field activity.

Nevertheless, it is also true that the regeneration of rural areas can hardly be realised in the present society with its huge gaps between the urban and the rural, if we rely solely on "local power". In other words, when we assume the course of rural regeneration to be endogenous development, it is important at the same time, in order to support the foundation of these activities, to pursue the objective of balanced development of the nation, that is, the bridging of gaps between rural and urban areas.

In the arena of national land policy, it is often suggested that the emphasis should move from the latter to the former. The idea of the "balanced development of the nation" was a symbol of "conservatism" especially in the structural reforms of the former cabinet of Junichiro Koizumi, which referred loudly to the necessity of "endogenous development" to refute that charge. Endogenous development thereby became a catchphrase of structural reform by neoliberalism, though the idea had been born in opposition to the local impacts of the aggressive structural reform pursued under globalisation. The endogenous development referred in that context does not imply true endogeneity and is nothing but the "compulsion to regeneration by themselves without political support under a small government".

It is said that against the background of Koizumi's structural reform, the Liberal Democratic Party (LDP) then in power shifted the emphasis of major policies from rural areas to urban areas. This followed the 1998 election when the LDP was defeated especially in urban areas. Thereafter, they employed a campaign strategy to rapidly and strongly relocate their support to urban areas. We can find there also the same roots for the single-minded promotion of municipal mergers by political power.

However, the political situation changed again. In the 2007, election the LDP lost ground and the Democratic Party made great strides especially in rural areas. This was called the "rebellion in rural areas". Then the government discussed the necessity of political measures to take care of the "pain" caused by the reform and pursued these measures, especially in local areas. This is one of the real backgrounds of introducing the scheme of community-supporters.

It seems, thus, that the fundamental ideas of locality promotion - "independence" or spontaneous development and "gap correction" - swing back and forth in terms of the

degree of importance, based on the political situation.

There is a Japanese proverb "he who runs after two hares will catch neither". But any government has to run after these "two hares" of "promotion of independence" and "gap correction". The political alternative should be balance.

6.2 Public Support for Gap Correction

It is necessary now to discuss the actual means of "gap correction". Previously the external support for this objective has been limited to governments but, recently, public support has grown rapidly, including individuals, third-sector organisations, Corporate Social Responsibility units, universities, and others. The means of support are various:

- 1) Purchase of products in areas
- 2) Donation to areas
- 3) Visit to areas, purchase of specialty products and lodging
- 4) Volunteer activities in areas
- 5) Settlement for some period in areas other than permanent home
- 6) Permanent settlement in areas

There are menus according to the condition of supporters, varying from simple support of purchase in commercial markets to the most positive support of settlement and activity as a member of the area. The options are made more diverse and gradually adjusted.

Two new movements should be discussed here. One is that of the systematic arrangement of a "tax to hometown" as a kind of donation to areas. This system was realised by the tax reform in 2008. The tax means a donation in this system to a municipality of one's choice (such as one's hometown), and the amount of donation is deducted from the local residence tax. The conventional donation tax system was improved and implemented here. It is a remarkable reform, as taxpayers may choose much more easily to which municipalities they pay how much of their residence tax, though the amount of money that can be deducted is limited to a maximum of 10 % of individual residence tax.

There are various opinions on the new system. It may be significant to highlight this one as a transfer system for money, containing people's favours for the purpose of regeneration of local areas, especially rural areas that are suffering from exhaustion and degradation. Support from outside is sometime effective in helping the exhausted community. Therefore, the significance of the system is thus tremendous, even though there is no expectation of a transfer of enough money to realise a dramatic reduction in the tax income gap. In other words, we can thus see the valuable effects of the system

that could not be expressed as an amount of money.

It is worth noting what happened in Yasuoka Village in Nagano Prefecture. The village issued the "Yasuoka Village Ordinance of a Fund for Care of the Home-village" before the tax reform mentioned above. It has received donations under an original system since 2004. The purposes for which the donations will be used are specifically described as: 1) Maintenance of schools and museums as the intellectual support of the residents, target figure of 10,000,000 yen (£83,000), 2) Maintenance and improvement of home care services by the village, target figure of 5,000,000 yen (£ 41,000) 3) Setting up of electric power facilities using natural energy in the public institutions, 10,000,000 yen (£83,000). Many of the donors choose some of the projects, though donations without such alternatives specified are also received. The total amount donated had reached 27,380,000 yen (£230,000) at the end of June 2009. That is not a small amount for Yasuoka Village, a small-scale municipality that did not go in for the merger. It has realised the goal mentioned in 2) and has started with the donation a project, "Flying Wheelchair" that supports physically challenged people to deal with the difficulties of overseas travel.

6.3 Purchase of Products in Up-and-Down Exchanges

Another example of the new movement is the purchase of local products as an activity at the simplest level. I will introduce here the case of "Fund for Villages near the Source of Kiso River". This is an activity of intentional purchase of regional products as a part of an exchange program between upstream and downstream regions.

The fund began in 2008. The address at the inauguration meeting of the fund: "One of the things that we want to preserve and pass down for fifty years and even a hundred years is the delicious water of Kiso River. We drink and use the water of Kiso River in our everyday lives. The upstream areas have a hard time now because of depopulation and aging. Exchange and cooperation are required for the downstream areas to express their appreciation of the upstream ones."

Nagoya Life Club, Inc., a private company involved in the distribution of health foods and organic products in Nagoya City, is responsible for the sales in the project and 2-5% of the price, is offered to the fund to support activities in the upstream regions. As many as 30 goods are included, such as mineral water, Japanese sake made only from rice, soy paste, sweet sake, traditional wooden sandals, and other wooden products. The staffs of the fund certify every product. Total sales were 1,300,000 yen (£20,000) in the first five months until April 2009, yielding 80,000 yen (£660) for the fund. The first stage thus began favourably, and there are plans to expand the sales organisation and to

make the up-and-down exchanges a reality for all citizens.

This activity shows us the potential (short of the last step of settlement in the area) of the six steps, individual supporters may take to show solidarity with another area: that is, purchase →donation →visit →volunteering activity →temporary stay →permanent settlement.

6.4 Field of the Gap-Correction Policy

While this kind of person-person cooperation is extending now, the government should not be permitted to excuse itself and take the stand that it can do no more than deregulation with regard to the point of rural regeneration without political support under a small government.

In particular, the government should make genuine efforts to close the gaps in medical care, and telecommunication that relate to essentials of life. In addition, the gap in transportation facilities must also be bridged, as public transportation is rapidly deteriorating.

In hilly and mountainous areas, the commercial function is also deteriorating. Measures to deal with this are also necessary. In some areas, residents can scarcely buy basic commodities on account of closure of supermarkets and private shops whose owners have grown too old to run them. Mobile shops are available in some cases but the visits often dwindle because of depopulation and a decrease in the purchasing power in the areas. As a result, old people in mountainous areas have to rely on home deliveries from their children in urban areas in order to get daily necessities such as detergent and seasonings. The newly coined term "shopping refugee" (Sugita, 2008) is never an exaggerated expression in depopulated rural areas.

At present, this is the most important subject for the national and local governments to discuss to decide how, with what means, and taking what role they should deal with this problem.

6.5 Reiterating the Idea of the Rural Regeneration

While the government should actively address the problems of the national subject, it is required as the premise of the policy that the evaluation of rural areas is clear. It is not too much to say that this is the most pressing issue. I would like to mention two points in particular in this final section of my paper.

The first is that the problem of food and energy is now a burning issue all over the world. The prices of grain and crude oil were on a sharp uptrend until the first half of 2008, dropped sharply in the last half of the same year, and now they are on an uptrend

again. It is assumed that the responsible factor may be speculation with the global money and the prices will remain at a rather high level in the future, continuing with a pattern of violent rises and falls. These articles have been revealed to have the character of international strategic commodities that may be used for speculation and in implementing policies.

The strategic commodities besides foodstuff and energy include water and forestry as carbon sinks. In Japan, these are supplied from rural areas. For example, hydraulic power and biomass are used to generate energy. We should value the rural areas supplying them to the nation as national strategic areas from an international viewpoint and we must preserve and regenerate them as a national priority. Thereby, we will establish a stable set of circumstances to prevent Japan from being excessively influenced by international politics and economics. This move will be linked not only with national security but also with Japan's international contribution.

The second point is the relationship between urban and rural areas. In cities, frustration had increased in the period of Koizumi's structure reform. The frustration among urban residents revealed itself as criticism of local areas or objection to the favourable policy for rural areas. The frustration in cities was imputed to rural areas in the first half of the '80s and the trend has intensified in the period of Mr. Koizumi's cabinet. A period of opposition between cities and rural areas thus came about. But this time, the rural areas expressed distinct frustration in the election and the opposition seems to be somehow calming down.

The problem of the future remains. A good number of influential people began very recently to discuss the problem of aging in metropolitan areas. Aging is supposed to proceed rapidly in urban regions where great imbalance in the age structure of residents can be seen. The primary group is residents of housing complexes in suburbs, which are called "old new-towns". The speed of aging here surpasses even that in hilly and mountainous areas. It is assumed in this situation that there would again appear discussions that suggest "the urban crisis has been brought about by the excessive stress on local areas and rural area". I am afraid ideologues might fan the flames of opposition between them on purpose. There is a great possibility that the opposition might be given greater importance again. Nevertheless, what is actually necessary for urban people who face the same problem is to understand the activities and lessons of regeneration movement together with rural people who have already experienced the problem of aging. They can learn from and encourage each other.

A new desirable society cannot be born from a barren split in public opinion between rural and urban areas. Therefore, the government should accelerate the activities of

rural and urban exchange that are in progress now at a grassroots level. Then, on the basis of this exchange it will be able to lead the way to harmonious coexistence of urban and rural areas at a higher level. In other word, Japan should establish the philosophical concept of a unique nation with coexistence of rural and urban areas at its core.

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