

Social capital and rural development policies in Japan

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(Background)

1. Japan has been implementing market oriented structural reforms for several years and the Japanese economy is on a solid path to recovery. However, these reforms including a significant budget cut in public works have exposed an economic performance gap between urban and rural areas. Moreover, rural areas have been faced with a serious depopulation problem for a long time. The situation could become worse as the total population in Japan has been declining since 2005; the country, now, has one of the lowest birth rates in the world. In order to tackle problems associated with rural decline, the Japanese government has decided to implement policies and programs that would include ones to develop social capital.

(Government's "General Plan" for regional revitalization)

2. Last September, recently elected Prime Minister, Shinzo Abe, formed a new government. Under this new government, intensive discussions on measures related to regional revitalization immediately began; their slogan was "No national growth without rural growth." Last November, the government decided on a "General Plan" of inter-ministerial regional revitalization measures that emphasize the necessity of restructuring government support from the following five perspectives:
 - 1) respect and utilise regional ideas
 - 2) develop regional human resources
 - 3) utilise tangible and intangible indigenous resources
 - 4) stimulate international and inter-regional exchanges
 - 5) foster the conditions necessary for sustainable and autonomous development

(Government's general programs for regional revitalization)

3. Last February, the government approved the “General programs for regional revitalization,” a series of reforms based on the ‘General Plan’. A package of policies, divided into 6 specific programs, including regional employment and programs that foster innovation, make up this general plan. As the topic of this session is issues in human and social capital, I will focus on one of the programs for the rest of my talk: “The renaissance of social and communal ties among regional residents.”
4. This program is based on the idea that the ties that bind regional communities will help revive them, including rural areas. The program tries to foster growth in rural communities, by encouraging their tradition of working together and helping each other. This aspect of rural community life was the cornerstone of regional practices such as village festivals and child rearing. These community functions, sometimes referred to as “bonding type social capital,” have been lost due to urbanisation, the rise of individualism and the aging population in rural areas.
5. The program also aims to support relationship building among various new stakeholders, such as private companies, NGOs, and entrepreneurs, in the region. This kind of activity is sometimes called “bridging type social capital”.

(Social capitals in rural area)

6. So far, I have given an overview of Japan's inter-ministerial programs related to social capital. Now I would like to explain what the Ministry of Agriculture, Forestry and Fisheries (MAFF) is facing with regard to social capital in rural areas.
7. In Japan's rural areas, perhaps like in other countries, the notion of community is very important. Their social networks and norms are based on cooperative activities, reciprocity and self-governance. This holds true for village activities that run the gamut from managing production (farming) to ceremonies that mark rites of passage (births, weddings, funerals ... etc) These social conventions can be regarded as social capital, but they have become less visible or have been completely transformed today, partly because part-time farming is increasingly prevalent and the number of non-farm inhabitants has gone up in rural areas. Rural charm and vibrancy has diminished as a consequence.

8. Although MAFF has acknowledged the importance of traditional networks and norms in rural areas, we regard them only as a means to implement policy effectively. For example, we have used the consensus building function of village residents, a major characteristic of rural society, in order to implement land improvement projects. However, we have not regarded such processes, as the main target of policy. Indeed, it is problematic for the government to support the revitalization of rural customs, which may be viewed as anachronistic, through policy.
9. However, if we can redefine social networks and norms in rural areas through the notion of “social capital”, it becomes possible to analyse the relationship between social capital, such as strong communal relationships, and rural growth. In this way, it will be feasible to put forward policies that enhance social capital. It is not too late because social capital still exists in rural areas.

(MAFF’s Social capital expert task force)

10. It was within this context that last December, MAFF set up an expert task force to analyse social capital in rural areas. The main objectives of the expert task force are:
 - 1) To collect data in order to measure and analyse social capital in sample villages
 - 2) To discuss the policy relevance of social capital in rural areas
 - 3) To discuss the role of the central government, bearing in mind differences with local governments
 - 4) To suggest appropriate and concrete policy measures that will enhance social capital
11. The expert task force is now investigating the appropriate methodology for collecting data that will measure and analyse social capital. The task force is also conducting discussions based on the analytical report distilled from the research carried out in sample villages.
12. Although it is too early to show you details of their work, the following 3 points have come up and are worth further consideration:
 - 1) Investigating the possibility of creating new social capital that can adapt to changes in rural areas in addition to using existing or traditional social capital

- 2) Providing a clear definition of social capital based on the conditions in Japanese rural areas, that has the potential of becoming a shared value among rural communities.
- 3) Investigating new forms of government support that will support and enhance social capital

(Social capital and the OECD)

13. Finally, I would like to conclude by placing social capital issues in the context of the OECD's work. As I mentioned before, the notion of social capital is still ambiguous. However, it is clear that affluent autonomy and social cohesion in a community are essential for rural revitalization when confronted with depopulation, administrative decentralization and the budgetary difficulties faced by national and local governments. Furthermore, city dwellers have recently been re-evaluating the slower pace of life associated with rural areas and are beginning to regard the latter as an example of rich social capital. After having shared Japan's approach to promoting the preservation of social capital with you, I now hope to hear about the experiences of other OECD countries in implementing policies and measures that foster social capital.
14. Furthermore, what is interesting about discussing social capital in the context of rural development is to consider social capital as something that can reduce the transaction costs of various rural development policies. As you know, reducing transaction costs of policy has become one of the most relevant questions in the implementation process. As an international think tank of economic analysis, I think it falls within the scope of the OECD's work to analyse the notion of social capital from this perspective. I hope the OECD will view its role in stimulating discussion on this issue as a vital one.