

THE CONTRIBUTION OF REGIONAL POLICY IN JAPAN TO RESTORE PRODUCTIVITY GROWTH: THE CASE OF A FAST AGEING SOCIETY

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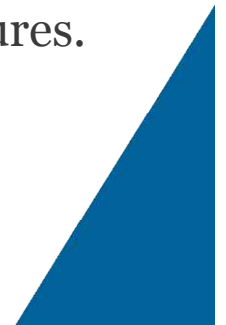
OECD's experience in regional development policy

The OECD: international forum for regional development policy

- ❖ The OECD Regional Development Policy Committee (RDPC) offers a **policy dialogue forum** for competitiveness and effective and innovative governance at the regional level across levels of government.

- ❖ The OECD provides policy advice and recommendations using evidence based analysis and best practices from member countries.

- ❖ Recent work on Japan aims to:
 - assist implementation of the revised **National Spatial Planning**,
 - provide advice to member countries in view of demographic pressures.





Four main messages for regional policy in Japan

- 1. Demographic change presents challenges, but also offers opportunities**
- 2. Mobilising regional policies for productivity growth and activation rates of labour markets to maintain aggregate growth of GDP**
- 3. Improving governance at a metropolitan scale is key to maximize productivity potential.**
- 4. Enhancing rural and urban linkages are key to sustain local prosperity.**



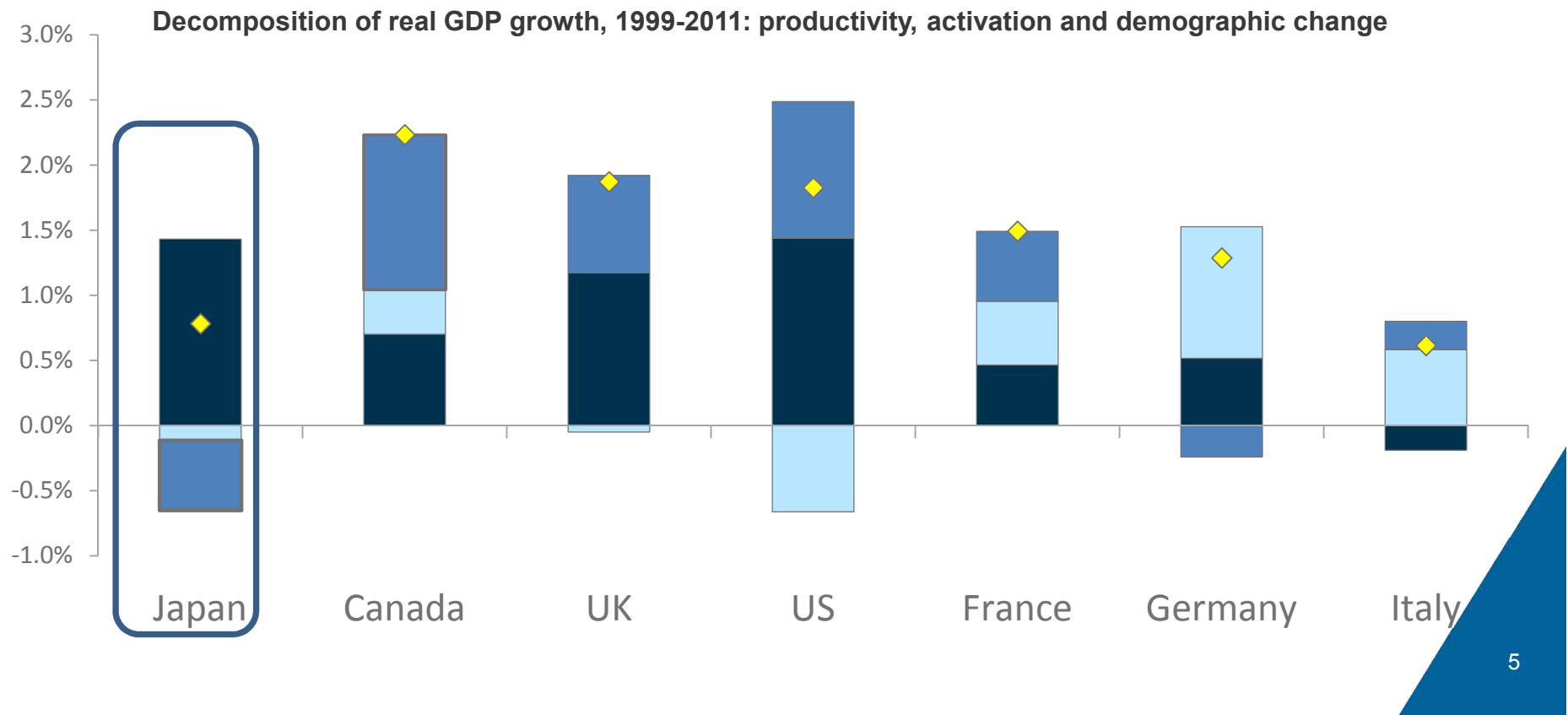
1. Demographic change presents challenges but also offers opportunities

Demographic pressures	Potential benefits and opportunities
Population ageing	<ul style="list-style-type: none">• High life expectancy is a sign of success• Demand for goods and services and new market opportunities (“silver economy”)• Elderly people represent untapped resources for flexible and experienced workforce• Elderly people are potential resources to engage in volunteer activities
Population decline	<p>Smaller number of population can yield</p> <ul style="list-style-type: none">• Lower density• Less congestion• Flexibility in land use• Less environmental pressure



2a. Regional policies for productivity growth and higher activation rates of labour markets

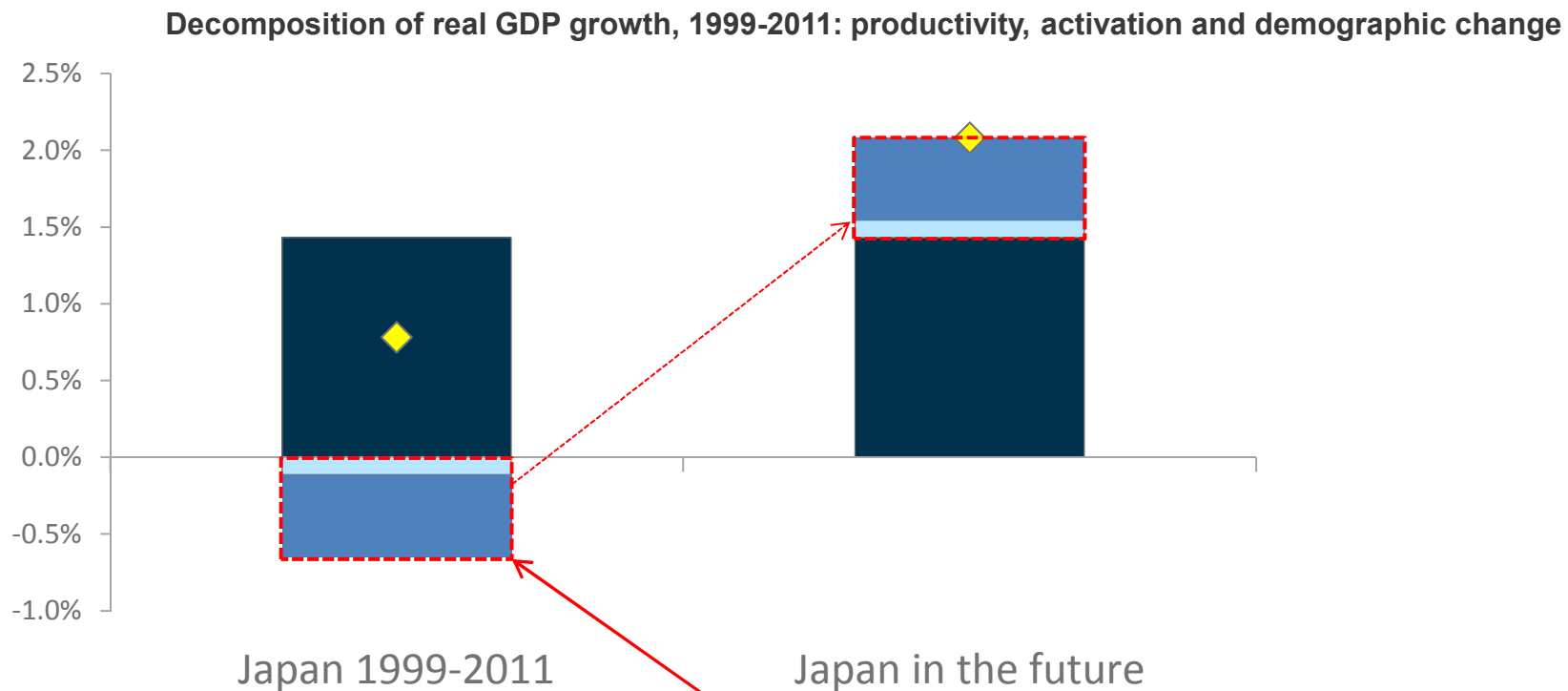
$$\Delta \text{GDP} = \Delta \text{ Productivity} + \Delta \text{ Activation} + \Delta \text{ Demography}$$





2b. Regional policies for productivity growth and higher activation rates of labour markets

$$\Delta \text{GDP} = \Delta \text{Productivity} + \Delta \text{Activation} + \Delta \text{Demography}$$

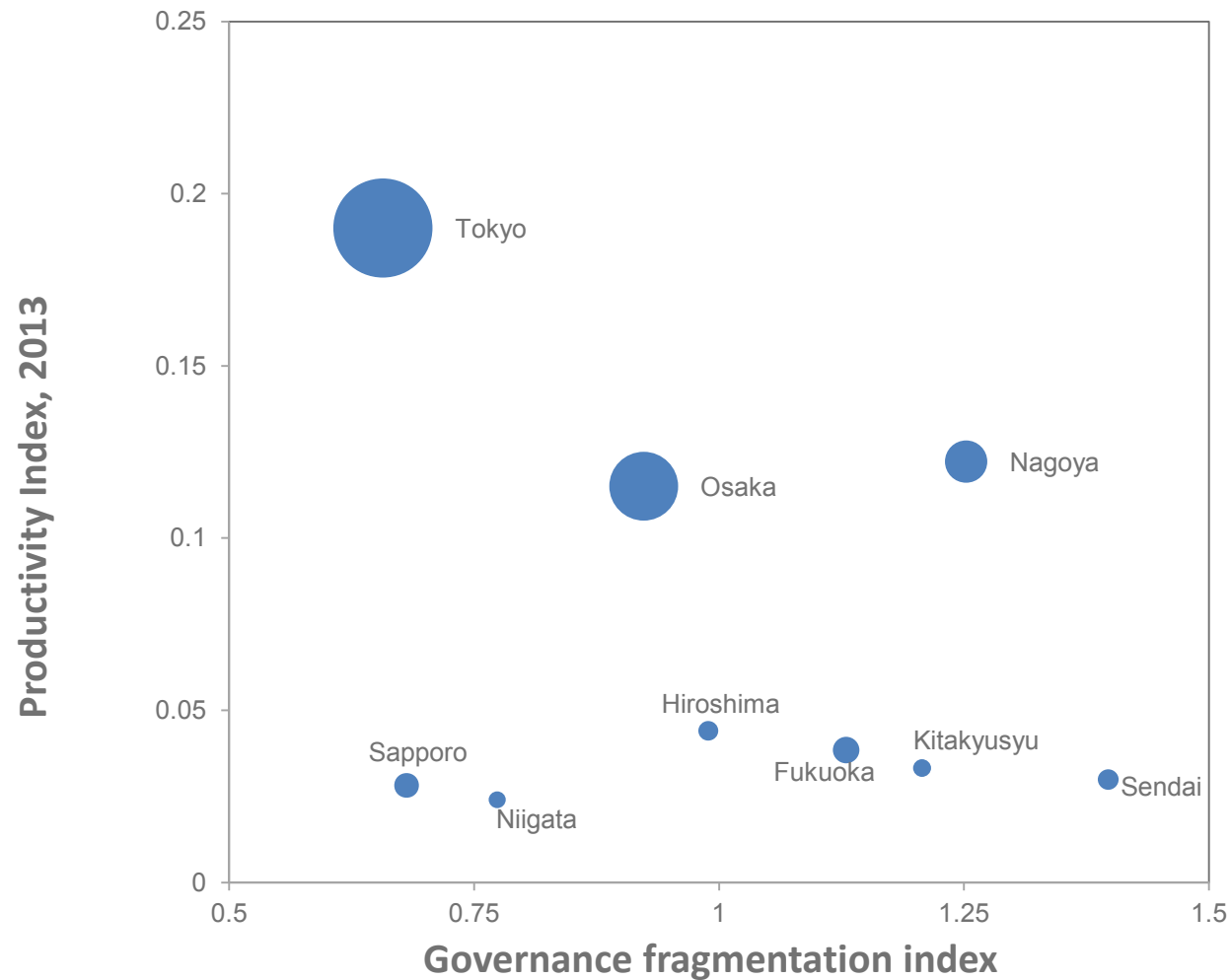


Other things being equal, overcoming demographic change can add real growth by **0.65%**



3. Improving governance is key to maximize performance

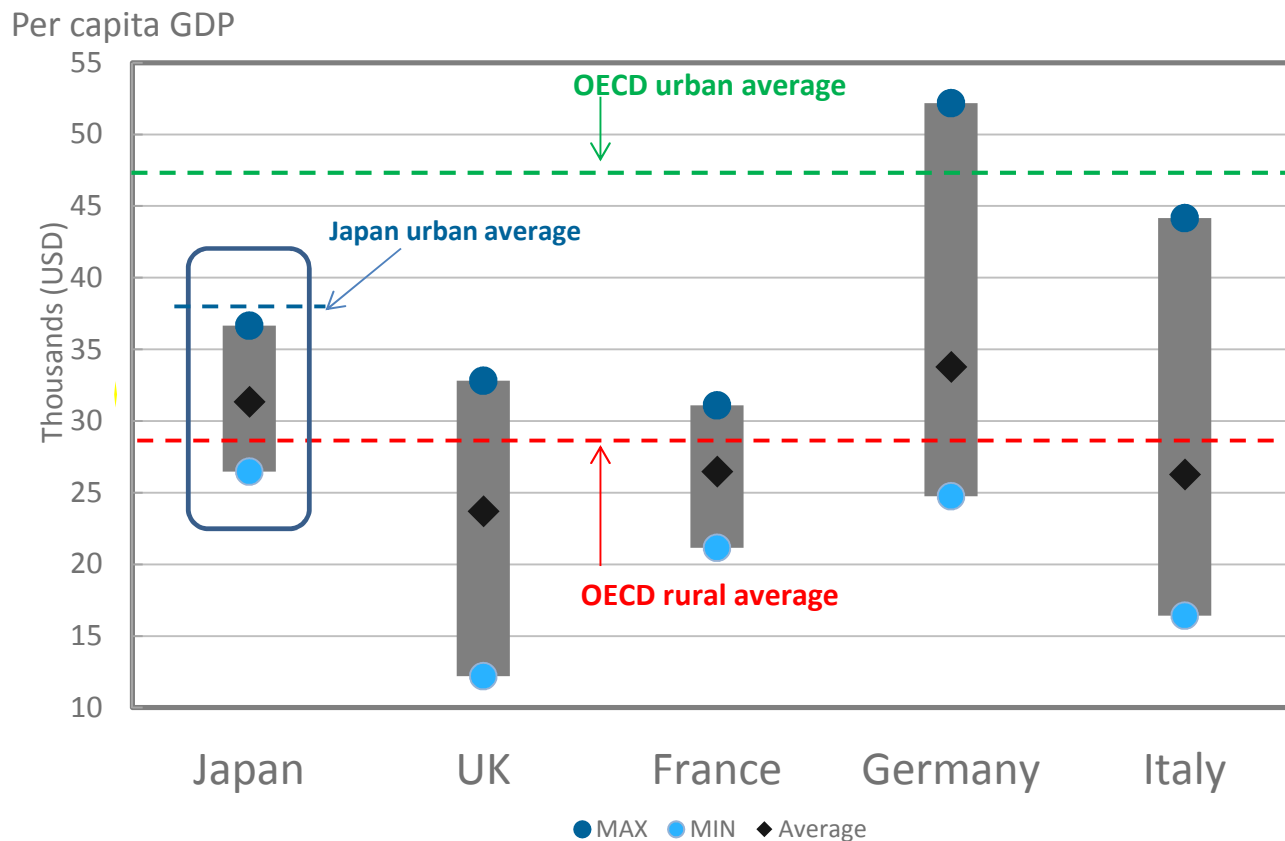
Governance fragmentation and productivity in Japanese cities





4. Enhancing rural and urban linkages are key to sustain local prosperity

GDP per capita in predominantly rural regions, 2012





Thank you!

<http://www.oecd.org/regional/regional-policy/>