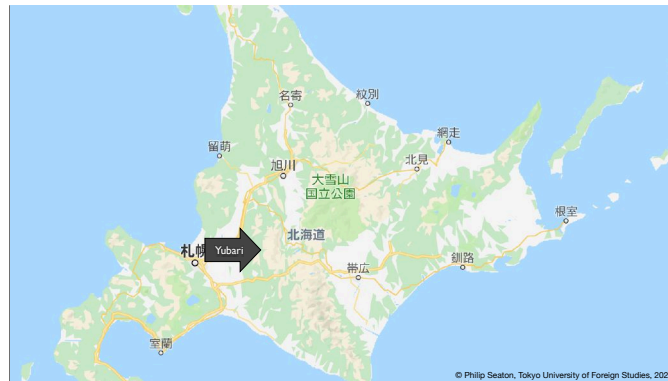


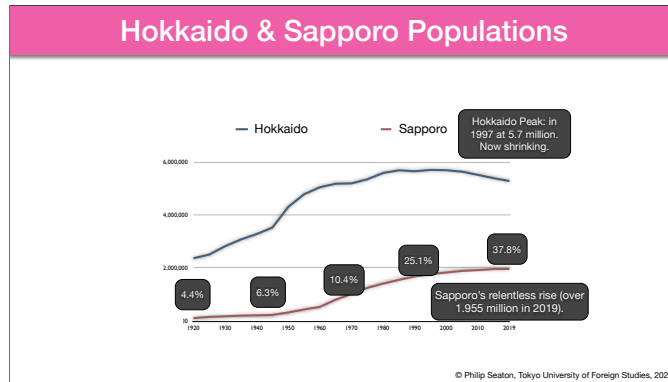
I have asked you to think about Japan's shrinking population as something Japan has to manage in the coming years, hopefully in a constructive way that benefits the people of Japan. But, in fact shrinking populations are already a significant issue for many provincial towns in Japan. Let me introduce the case of Yubari.

1



Yubari is a city in central Hokkaido. It is about 90 minutes by car from Sapporo, the prefectural capital.

2



But before going into the specifics of the Yubari case, let's look at broader demographic trends in Hokkaido. Remember that I told you Japan's population peaked in 2010. Well, Hokkaido's population peaked much earlier, in 1997. It has been declining ever since. But, if we look at the population of Sapporo over the same period, we can see that its population as a percentage of the Hokkaido population just keeps on increasing. This shows us the key domestic trend in Japan's population. People are migrating from regions to metropolises. This happens on two levels. First, people from Hokkaido's regions are migrating to the regional capital, Sapporo. Second, people are migrating from regions to the centre, i.e. from Hokkaido to the Kanto or Kansai metropolitan areas. This is a process of urbanisation and concentration that is not obvious for people living in Tokyo, but it is very obvious when viewed from small rural towns. Furthermore, even regional capitals like Niigata city are in population decline.

3



So, what kind of a place was Yubari? Well, it was a coal mining town in the centre of Hokkaido. At its peak, as you can see from this model in the coal mining museum, the town covered much of the available space in the narrow valley where the coal seams existed.

4

... famous for melons ...



Yubari is also famous for melons. The branded melons produced by the agricultural cooperative are popular as summer gifts. The first melons of the season are often auctioned for tremendous prices. In the past a single melon has been sold for a million yen or more, although the usual price is a few thousand yen per melon.

5

... and film ...

The Yellow Handkerchief of Happiness

Locations are still a tourist site in Yubari

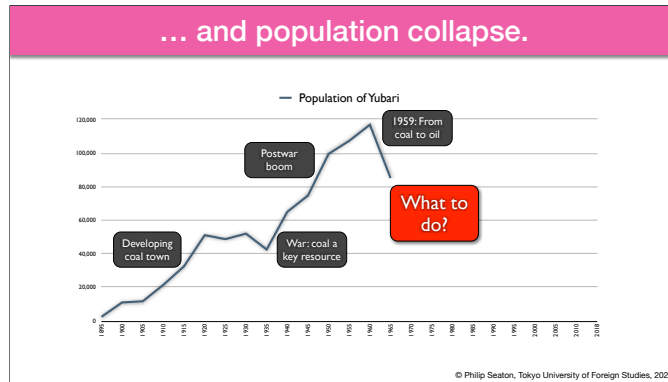


2007 Hollywood remake

© Philip Seaton, Tokyo University of Foreign Studies, 2022.

Yubari is also known as a town of film. A number of films have been made there, most notably The Yellow Handkerchief of Happiness starring Takakura Ken. There are still tourist sites related to this film in the town. The town also has an international film festival.

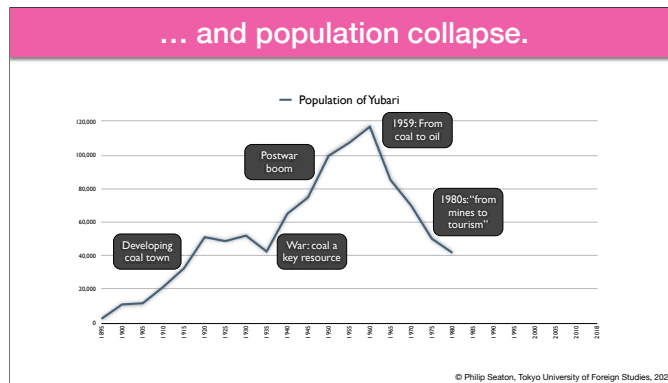
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But Yubari is perhaps most famous these days as a city that collapsed, both in terms of population and economic viability.

In the prewar years, the town grew rapidly in the midst of Hokkaido’s prosperous coal mining area in the Sorachi region. The town’s population reached a plateau in the 1920s, but then coal became a key energy resource for Japan’s war effort. The town’s growth continued into the postwar years. The population peaked in 1960 at about 116,000 people. But, in 1959 the national energy policy switched from coal to oil. In the midst of Japan’s economic miracle, oil was cheaper than coal and was therefore chosen as the means of providing energy for Japan’s expanding economy. For a town with one main industry, this caused a crisis. As pits wound down their operations, people started leaving. The local government was left with a massive decision: what to do?

7



By the 1980s, the population had collapsed to well under half of the peak years. The local government instituted a policy of tourism promotion under the catchphrase “tanko kara kanko e”, or “from mines to tourism”. Under this policy, the municipal government used aid for former coal mining areas to build tourist sites in the hope that tourism would become an alternative industry for the city.

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The centrepiece of the tourism strategy was the Coal Museum. This was a major exhibition of the city's coal mining industry.

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Its exhibits provide a comprehensive overview of the city's history.

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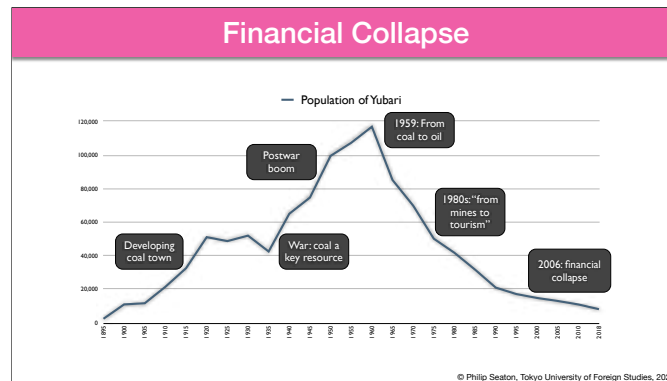
## Financial Folly



In order to supplement the museum, other facilities were constructed, too. There were various other museums including a fossil museum and a film museum. Plus there was a funfair. In short there was a tourism construction rush, much of it based on the mistaken assumption that visitors would come in large numbers. Sometimes it seemed like there was construction for the sake of construction. This free rest area, for example, generated no revenue apart from via drinks vending machines.

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## Financial Collapse



Eventually the city's finances collapsed in 2006 under the weight of numerous unprofitable tourist sites. But, the tourism sector's woes were not the only problem. Tourism had not stopped the decline in the population. Furthermore, young people who could leave Yubari did. Many of those who stayed were retired mine workers and other elderly people who had made their home in the city. As such, the population was extremely old, even by Japanese standards. The city embarked on a long process of repaying its debts through extreme austerity. As services were cut back in the city, of course, others decided to leave, too. This was the Yubari vicious circle.

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## The Limits of Tourism

2009: While crowds flock to the new Hanabatake Bokujo raw caramel factory ...



... the area around the Coal Mining Museum is almost deserted.

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I went to Yubari on various occasions in the period 2007–2009 as I researched this case study for Peter Matanle's Shrinking Regions project. In 2009, there were glimmers of hope in the city. As a way of helping the town, Hanabatake Bokujo, a company involved in making omiyage style gifts, created a hit range of raw caramel. They opened a factory in Yubari, which encouraged many people to visit. However, as you can see from these two photos taken just minutes apart, the omiyage was popular, but the area around the coal mining museum was deserted. These pictures encapsulate Yubari's problems. First, rather than seeking to attract temporary tourists, the city needed to attract corporate investment to create jobs and therefore attract permanent residents. And second, even though the Coal Mining Museum was a well designed industrial heritage site, coal mining history is not that interesting to your average tourist in Hokkaido, who usually seeks beautiful scenery and delicious food.

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## Financial Collapse

- Underlying causes:
  1. Depopulation, ageing population: increased demand for services on a reduced tax base.
  2. Mismanagement: reckless spending on tourism, financial irregularities, pork-barrel politics.
  3. Decentralization policy: Koizumi reforms (Trinity Reforms 2003) shifts responsibility for local taxation onto local authorities.

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So, what went wrong? There were three main reasons why Yubari collapsed financially.

The first reason was the declining and ageing population. This created increased demand for local services, particularly health and welfare provision for the elderly, amidst a reduced tax base. As fewer and fewer working age people had to support a growing elderly population, the local finances simply could not cope.

The second reason was the disastrous tourism policy. It greatly overestimated the amount of revenue that the city could generate via tourism. Ultimately, the many museums and facilities built by the city were bleeding large amounts of cash. But, some local politicians behind the tourism strategy had benefitted greatly from it. As we will hear in a later lecture, Japan at this time in the 1970s and 1980s was known as a construction state. In other words, much of the power of politicians in the LDP in particular derived from their ability to win funding for infrastructure projects in their constituencies from central government. Of course, politicians pocketed a little themselves. In the 1970s and 1980s, bribery, corruption, kickbacks and political favours involving the construction industry were all part of the Japanese political scene. Pork barrel politics resulted in many bad

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decisions, including the construction of excessive tourist sites in Yubari.

The third reason was a set of reforms known as the Trinity Reforms introduced by the Koizumi government in 2003. In a nutshell, these reforms reduced cash transfers from central government to local government and made municipalities much more responsible for raising the money they needed. For a municipality like Yubari, this was a massive financial blow. They had been relying on funding from central government, which was slashed. With a shrinking, ageing population, Yubari was not able to generate enough local tax revenues to cover its running costs.

**Yubari Strikes Back!**

- A young, energetic mayor.
- A “compact city plan”.
- Shutting down wasteful sites.
- Attracting new business.
- Relocating the population to nearer the city centre.
- But, debt will continue for years ... with a population of 50% over 65 years old (since May 2017).



Suzuki Naomichi (DoB 1981)  
Since April 2019 Japan's  
youngest prefectural  
governor.

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After 2006, Yubari started the very long path of paying back its accumulated debts. They elected a young, energetic Mayor, Suzuki Naomichi, who was originally a bureaucrat drafted in from Tokyo to help reorganised Yubari's finances. A compact city plan was created, which moved residents into smaller areas and allowed for savings in things like public housing and local transport. Many of the wasteful tourist sites were simply demolished, although the Coal Museum remains and doubles up as a community centre these days. The city puts its efforts into attracting private investment rather than spending money on projects. But, with an ageing population, the debt will continue for years to come. In 2017 the percentage of people in the city over 65 years old exceeded 50%. This is extreme ageing even by Japanese standards. However, as his reward for doing good work on helping get Yubari back on the right path, Suzuki Naomichi was elected governor of Hokkaido in 2019. At the time, he was the youngest prefectural governor in the country.



## Summary

- Depopulation can be catastrophic for Japan's municipalities if it is poorly managed.
- Japan needs to plan for shrinkage, not growth.
- That means economic shrinkage, too.

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So, what are the lessons in here for the rest of Japan?

Well, the first and most obvious conclusion is that if population shrinkage and population ageing are handled in the wrong way, it can be catastrophic for municipalities. Actually, there are many other municipalities in similar situations to Yubari: their finances are in terrible shape because they cannot cope with an ageing population on a diminishing tax base. Very wise administration is required.

Second, Japan needs to accept that the future is not growth. It is shrinkage. Of course, there will be areas of growth in the economy and popular areas of the country will continue to attract migrants. But, over the country as a whole, Japan must be post-growth.

And that means economic shrinkage, too. Unless Japan has massive increases in productivity per person, or unless Japan allows mass migration by non-Japanese to keep the working age population growing, expectations of future economic growth are unreasonable. Japan needs to be realistic about what the future holds, in terms of population decline and economic shrinkage, and this must all be within the context of climate breakdown and the Covid

Pandemic. There is great need for wise political leadership at this moment in Japanese history.