

## Foreword

**A**t the beginning of this new millennium, many OECD countries find themselves embarked on a demographic transition that is without precedent in history. Our populations are ageing rapidly and, in many cases, they are also beginning to shrink. While these processes have gone further in Japan than elsewhere, they are by no means unique to Japan – many OECD countries will move down the same path as the century unfolds, with important consequences for both economic performance and settlement patterns.

It is difficult to exaggerate the socio-economic importance of this shift. For most of human history, a long-term trend of population growth was a given, even if that trend was sometimes disrupted by sharp mortality crises, such as famines, wars or epidemics. Moreover, human communities of all sizes tended to have pyramid-shaped age structures, with the younger cohorts being the largest and older cohorts the smallest. As life expectancy increased, the pyramid grew taller but its shape remained. Then, as fertility fell sharply in the latter part of the last century in many countries, the bottom of the pyramid began to contract and the bulge in the distribution “moved up” until, in many places, we have begun to see something closer to an inverted pyramid emerging – an age structure unlike any we have ever seen before, in which the largest cohorts are the oldest.

Yet the implications of this change for social progress and prosperity are not set in stone: they depend greatly on the policy choices we make. That is why the OECD’s Regional Development Policy Committee has begun to devote increasing attention to the consequences of demographic change for cities and regions. This OECD Territorial Review follows a recent study of ageing in cities that looks at policy responses at the local level.

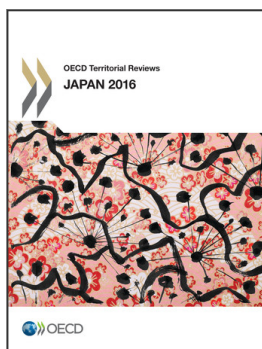
Japan is working to design an integrated, long-term approach to population ageing and demographic decline, aligning spatial and sectoral policies to strengthen productivity growth and ensure a sustainable long-term settlement pattern. It seeks to seize the opportunities offered by demographic change, as well as to address the problems it creates. The new National Spatial strategy adopted in 2015 is central to this effort.

While it is too early to judge the long-term impact of this strategy, we do find grounds for optimism: the economic analysis confirms that Japanese cities function well, generating comparatively strong agglomeration benefits, though better horizontal co-operation among the municipalities in metropolitan areas could enhance these benefits substantially. Japan’s rural areas, despite their difficulties, actually outperform most of their OECD peers and are in many cases pioneering revitalisation strategies based on local assets and potentials. At all levels from the national to the local, public- and private-sector actors are devising innovative and often place-based solutions. Many of these are likely to be of great interest and relevance to the many OECD countries facing similar challenges.

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