



# Japanese Regions in the Face of Depopulation and the Trend of Compact City Development

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The most significant long-term challenge facing Japan's economy and society is the issue of depopulation. A continuous decrease in the number of children in Japan has resulted in a decrease in the workforce, which has stunted national growth. A relative increase in the aging population is also undermining the foundation of the social security system. In addition to these issues, regional depopulation has recently drawn significant attention. In the text below, I will present an outlook on how regional populations are changing and introduce the trend of compact city development, which has drawn keen interest as an effective measure to respond to changing regional populations.

Focusing on the outlook of regions in terms of population, we see major changes in several areas, which will result in difficult problems. The following are three such major problems.

The first problem is a decline in total population. The change from 2010 to 2040 shows a 16.2% decrease in Japan's population overall. (This estimate and the ones in the text below are based on the Population Projection for Japan by Region, released in March 2013 and compiled by the National Institute of Population and Social Security Research.) Depopulation can be observed in all prefectures. However, situations differ in various areas of the country. Tokyo, Aichi and Kanagawa Prefectures will see population decreases of less than 10% during this period, but Akita, Aomori and Kochi Prefectures will see population decreases of more than 30%



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over the same period. There are also large gaps among municipalities. The population of 385 municipalities (22.8% of all municipalities) is projected to decrease by a surprising rate of more than 60%.

Those depopulated areas will undergo further depopulation, which will cause a decline in population density and an increase in the number of underpopulated areas. This will result in currently underpopulated areas becoming ultra-underpopulated areas. If this happens, lifestyle-related service industries (for example, retailers and the food service industry) will suffer unprofitability and stop doing business in underpopulated regions. A typical representation of this is the hollowing out of central urban districts. Depopulation and a decline in population density will result in the loss of economies of concentration and undermine the profitability of shopping districts. The impact of motorization on this situation makes it impossible for central urban districts to keep shops open.

The second problem is population aging. The percentage of people aged 65 or older compared to the whole population will rise from 23.0% in 2010 to 36.1% in 2040. There are regional gaps here as well. The aging population of Akita, Aomori and Kochi Prefectures will account for more than 40% of the population. More serious is the increase in the number of people aged 75 or older. The percentage of people aged 75 or older compared to the entire population will increase from 11.1% to 20.7% across the nation during the same period of time, but Akita, Aomori and Kochi Prefectures will see an increase of more than 25%.

People aged 65 or older have much difficulty getting from one place to another and they cannot drive to suburban shopping centers on their own. Therefore, it is essential to build communities where these old people “can walk around and live.”

In addition, people aged 75 or older have serious problems in terms of medical and nursing care services. These old people also have much difficulty getting from one place to another, so it is necessary to establish medical facilities in central districts where they can easily get access to public transit services.

The third problem is the decrease in the workforce. In a population change, the decrease in the ratio of the working population to the whole population is called the population onus. Assuming that the current working-age population aged 15 to 64 is the national workforce, the ratio of the future workforce will continue to decline. The percentage of this age group compared to the whole population will decrease from 63.8% in 2010 to 53.9% in 2040 across the country, but Akita, Kochi and Aomori Prefectures will see a percentage of less than 50%.

The declining ratio of the workforce means that it will become increasingly necessary for old people to reduce their dependence on the working population as much as possible. For example, old people cannot remove snow from the roofs of their houses in snowy areas on their own, and some old people have actually moved to apartment housing in central districts where they do not need to do such snow removal work.

The promotion of compact city development has recently attracted the public's attention as an effective measure for tackling the range of problems caused by these changes in regional population. Compact city development refers to efforts to consolidate urban functions and the foundations of people's lifestyles in urban centers. The effort to create an environment in which people gather in central regional districts and in which service industries can be maintained more easily enables conditions for convenient living to be secured, even in a depopulation phase.

In fact, the government has already promoted active national policies for compact city development. For example, last June the government announced the Basic Policies for the Economic and Fiscal Management and Reform 2014 and declared, "The government will implement effective and efficient measures for regional concentration and revitalization through compact city development in response to the progress of depopulation and population aging and under tight financial conditions [text partially omitted]." This suggests that the central government has a keen recognition of the necessity to boost compact city development against the background of population change.

More specifically, the Revised Act on Special Measures for Annual Revival was formulated in 2014. This revised act stipulates that municipal governments designate particular areas for the induction of the construction of residences and commercial and medical establishments. Based on this designation of particular areas for special actions, the national government will provide preferential tax and financial treatment for the construction of facilities within the designated areas and municipal governments can restrict the development of large-scale residential districts outside the designated areas. This measure is intended to promote compact city development by combining inducement and regulation.

Toyama City in Toyama Prefecture is well-known for its pioneering efforts in compact city development. The city has promoted urban development to facilitate convenient access to functions necessary for daily living consolidated within walking distance by concentrating a range of functions, including housing and medical services, in particular areas along public transit network routes.

As an example of an attempt at compact city development which I have been hearing about since the planning phase, I will introduce a project called Community Agglomeration Medicine in Komoro City, Nagano Prefecture. Through this project, a library will be built and the JA Nagano Koseiren Komoro Kosei General Hospital will be relocated to the city area, along with the reconstruction of a deteriorating municipal government office building. The project seeks to achieve three goals simultaneously: revitalization of central urban districts, improvement of convenience for medical services, and the realization of more efficient medical organization management. The project went through various complications, but construction work is currently underway as initially planned.

I have discussed the significance of compact city development above with a focus on



measures for population issues, but compact city development has many benefits for other areas as well. For example, compact city development can realize greater efficiency for financial expenditures. As is widely known, in situations in which both the central and local governments are facing tough financial conditions, there has been strong demand for more efficient administrative services and social infrastructure development. If compact city development progresses, it would be possible to provide more efficient administrative services and to streamline social infrastructures, such as roads and water supply and sewer systems. Energy consumption could also be made more efficient, which would lead to the implementation of more effective measures against global warming through the reduction of environmental burdens.

In addition, more than anything else, the promotion of compact city development will also realize a more convenient and comfortable living environment for regional inhabitants. Efforts to promote compact city development will become increasingly important in future regional development.

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Born in 1947. Graduated from the University of Tokyo and joined the Economic Planning Agency (currently the Cabinet Office), Japanese Government. Served as Director General of the Research Bureau at the Agency and Director General of the National and Regional Planning Bureau at the Ministry of Land, Infrastructure, Transport and Tourism. Has served as Professor at Hosei University since 2003. His publications include “Nihon keizai no kozotenkan (Structural reform of the Japanese economy)” and “Jinko fuka-shakai (Population onus society).”

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