



It is not time for local governments to compete with each other. Intensive investment in key base cities nationwide is urgently needed.

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The government's policy shift

In postwar Japan, the spread and expansion of urban areas accelerated due to an explosive population increase. We saw occasional disorderly land development and residential areas grew endlessly. The central and local governments cooperated to develop infrastructure in every corner of the country and to facilitate an equalized distribution of educational, fire-fighting, medical and welfare services across the country.

However, we see many vacant houses and spaces everywhere nation-wide today. The deterioration and disuse of water supply pipes, sewage systems, roads and school facilities are ongoing. In the future situation in which Japanese society will face financial stringency due to the acceleration of depopulation and population aging, it will be impossible for all local municipal governments across the nation to maintain their functions in the same way as they have until today. In this situation, it will be necessary to form population-intensive key base areas through intensive investment in central cities of a particular scale and volume and to strengthen the collaboration between those base areas and peripheral areas.

People have had frequent discussions about the formation of population-intensive cities and enhanced collaborations between key base areas and peripheral areas. Politicians, administrators and citizens share a sense of crisis. However, they have failed to turn their sense of crisis into specific action. They thought that even as the whole country faced depopulation, their own local areas would be the exceptions. These people had deep-rooted beliefs, being in agreement in general but disagreeing on specific details. They could not accept a scenario in which their own local areas would face depopulation.

City dwellers think that depopulation and population aging matters for the governments of underpopulated areas and have nothing to do with them, whereas the municipal governments of underpopulated areas think that intensive investment is necessary for their areas undergoing depopulation and should be promoted as a national policy. Consequently, measures for the establishment of population-intensive key base areas and enhanced collaboration between key base areas and peripheral areas, which have been proposed many times, have not produced significant results.



In this situation, the Abe Cabinet, which is focused on revitalizing regional economies, launched the Plan for the Formation of Local Base City Areas in the current fiscal year and developed the Strategy for the Establishment of Intensive Urban Structures at the same time. In addition, the Abe administration requested that local governments formulate Infrastructure Longevity Plans and Comprehensive Management Plans on Public Establishments. The government called for a guarantee of the proper maintenance, management and update of public facilities and the abolition or stopping use of unnecessary public facilities. That is, in response to policy recommendations on the arrival of a depopulation society, the central government quickly embarked on the examination of the necessity for specific public facilities and reforms for driving the formation of population-intensive key base areas and enhanced collaborations between key base areas and peripheral areas.

However, it is not certain if these visions, strategies and plans will work well. Now, I will clarify the purpose, mechanisms and challenges of the three policies launched by the government with a focus on the “reality of a polar society.” Based on this recognition, I would like to note significant points on the formation of population-intensive city areas and enhanced collaborations between key base areas and peripheral areas.

The fiction and truth of the “polar society” in the Masuda paper

Masuda Hiroya, former Minister of Internal Affairs and Communications and chairman of the Japan Policy Council, projected the arrival of a “polar society,” in which much of the population would be absorbed into major urban areas, including the Tokyo metropolitan district, and regional communities would disappear, in the December 2013 and June 2014 editions of *Chuokoron*. This was a great success in inciting public opinion. This issue of a polar society was reported by morning and daytime TV gossip shows as well as NHK’s special programs and newspapers.

However, there is some doubt about whether or not people will actually disappear from rural areas, as projected by the polar society theory. Currently, the total number of young women is limited, compared with the high-speed economic growth period and the trend of urbanites migrating to rural areas is becoming visible. There is a deep-rooted way of thinking that a large-scale population migration from local to major urban areas as simulated by the polar society theory will not occur.

However, even if rural areas are attractive enough to induce more young women to stay than was simulated (perhaps I should say “expected”) by the Masuda paper, the projected trends of accelerating depopulation and lower population density in the whole of Japanese society will not change. The March 2014 New Grand Design of Land of the Ministry of Land, Infrastructure, Transport and Tourism (what used to be the Comprehensive National Land Development Plan), which simulated more gradual social migration than the Masuda paper, analyzed the projected



demographics from 2010 to 2050 by dividing the whole nation into meshes per square kilometer.

According to this analysis, more than 60% of the current residential areas were represented by meshes indicating a population decrease of more than half. In sharp contrast, meshes indicating a population increase represented only about 2% of the current residential areas and those were primarily located in major urban areas.

As the population volume becomes smaller, the percentage of population decrease becomes higher. Ordinance-designated major cities show a population decrease of 15% and cities with a population of more than 300,000 people show a population decrease of 21%. In addition, about 20% of the current residential areas will become uninhabited. That is, the whole nation will undergo the acceleration of depopulation and lower population density. Population aging and depopulation will be particularly serious in disadvantaged areas.

The Vision on the Formation of Local Base City Areas with its financial grounds

If the expansion of residential areas and the spread of depopulation continue in the ultra-aging and depopulation society, it is inevitable that autonomous management will fail. The solution to this problem is simple—to restore the birthrate in the long run while taking measures to form population-intensive key base areas and to strengthen the collaboration between those base areas and peripheral areas in response to depopulation and population aging.

Population initiatives in postwar Japan were much more about social demographic measures by local governments vying with each other for households in the prime of their working life. However, because childcare support was inadequate, the birthrate dropped to nearly one child per couple. To improve the birthrate, it is not enough to just try to gain more households in the prime of their working life. It is essential to shift focus to measures for boosting the natural increase of childbirths for the purpose of improving the birthrate in the future.

However, superficial measures cannot realize the restoration of the birthrate. The first step toward the goal is to reconstruct local communities in response to depopulation and population aging. It is important to form service-intensive base areas and enhance the collaborations between those base areas and peripheral areas on the basis of a certain level of area population and population density that can be expected to produce energetic market activities.

Now, I will take a close look at the three policies that the government launched in fiscal 2014.

First of all, I will look at the Vision on the Formation of Local Base City Areas. Under the pretext of “a bastion for switching to the offensive in a depopulation society,” this vision focuses on sixty-one cities that support base areas with a day-night population rate of more than 1%, selecting from among nationwide ordinance-designated major cities and core cities (cities with a population of more than 200,000 people and public health centers) except for three major metropolitan areas and designates cities that have concluded “partnership agreements” with



neighboring municipal governments as local base cities.

The “partnership agreement” requires local assemblies to make resolutions for local governments’ mutual implementation of a wide variety of living-related services, such as medicine, welfare, education, public transportation and regional promotion. This provision was introduced through the passage of the Revised Local Government Law in May 2014.

In accordance with this line of reasoning, local base cities are expected to agglomerate highly specialized functions that are equal to those of the Tokyo metropolitan area. Imagine that the whole area intensively expands high-level medical services, develops regional public transportation services and promotes international tourism.

In addition, comprehensive appropriate financial measures will be taken for broad-range collaboration that has been made mandatory on legal grounds. Following the implementation of pioneering model projects in fiscal 2014, permanent financial measures through ordinary grant taxes are expected to be taken from fiscal 2015.

In the past, there were also many visions on the formation of city areas, including “Broad-Range Municipal Area” (1969), “Hometown Municipal Area” (1970), “Settlement Area Vision” (1977), “Functional Core City” (1988) and “Local Base City Area” (1992).

Many of these preceding visions left the establishment of areas and functions to the discretion of the central and prefectural governments, while the Vision on the Formation of Local Base City Areas allows particular municipal governments to make decisions on their own under a certain number of conditions. That is, each municipal government has a free hand to spontaneously decide on many things according to its respective particular circumstances.

In this respect, the Vision on the Formation of Local Base City Areas is similar to the Settlement and Independence Area Vision (2008), which has been deliberated on since the Fukuda Cabinet. In addition, the Vision on the Formation of Local Base City Areas is similar to the Settlement and Independence Area Vision in many other respects.

Conversely, the Settlement and Independence Area Vision and the Vision on the Formation of Local Base City Areas are far different from each other in the following two respects: (1) The population requirements for base cities were raised from about 50,000 to more than 200,000 people (ordinance-designated major cities and core cities); and (2) The level of financial measures was significantly expanded from a special grant tax of tens of millions of yen to an ordinary grant tax of hundreds of millions of yen.

The Settlement and Independence Area Vision was epoch-making in systemic terms, but the financial measures were restrained. Because of this, there were quite a few cases in which local central cities with a large population did not actively participate in the vision.

In this connection, I would like to add that small local governments in disadvantaged areas, such as underpopulated and remote places, are provided with a substantial amount of grant tax allocations. Reversely, local central cities with good financial capabilities are only provided with



limited grant tax allocations.

It is very important to execute a comprehensive allocation of ordinary grant tax to regional central cities on the basis of partnership agreements. This policy is worth paying notable attention to in that our country, which had aimed to achieve balanced land development, seriously reviewed its expansion drive for the first time and made a policy shift with a focus on the period of shrinking and retreat. The government is expected to form bases that can induce citizens, including many young people, to stay in local areas and stop their outflow to major urban areas.

The pitfall of the Vision on the Formation of Regional Base City Areas

However, the Vision on the Formation of Regional Base City Areas involves many challenges. Although the implementation of partnership agreements is legally binding, neighboring municipal governments that do not enjoy the direct benefits of financial support are, on the whole, indifferent to the vision. In addition, prefectural governments seeking to achieve balanced development throughout whole areas were sometimes at loggerheads with local central cities. The mayors of relatively large cities, such as prefectural capitals, are among the largest potential political rivals to governors. This also subtly affects the relationships between municipal and prefectural governments.

The heads of neighboring municipal governments sometimes depend on the governors rather than the mayors of regional central cities. In addition, Diet members tend to be more conforming to neighboring municipal governments that can act quickly than local major cities that take much time for decision-making, and Diet members do not necessarily provide strong support for local central cities. In the face of jealousy from neighboring municipal governments, local central cities enjoying the benefits of financial support hesitate to actively commit themselves to broad-range collaborations that involve huge administrative and political costs with a focus on its unclear scale.

However, it is impossible to easily change the system of taking comprehensive financial support measures for local base cities that have broad-range collaboration with neighboring municipal governments. This is because it is impossible to provide more substantial financial support for neighboring municipal governments whose policy effects are limited due to their population decreasing to half. Amidst the remarkable depopulation of whole areas, it is no longer valid to seek “balanced national land development” by bypassing local central cities and securing public establishments and companies in their suburbs.

The Strategy for the Establishment of Intensive Urban Structures

Next, I will take a close look at the Strategy for the Establishment of Intensive Urban Structures. The Strategy for the Establishment of Intensive Urban Structures is a set of policies to establish



“intensive urban structures (compact cities) to ensure the steady provision of public services, such as medicine, welfare and shopping, by maintaining a certain population density.”¹ This strategy is intended to facilitate a policy shift from expansion-oriented residence styles to clustered residence in particular residential areas and to establish intensive city functions necessary for it.

That is, under the strategy, urban function-oriented areas (for promoting urban functions, such as welfare, medicine and commerce) and residence-oriented areas (for attracting residents and maintaining population densities) are established with a focus on public transportation through the revision of the Act on Special Measures Concerning Urban Renaissance, whose bill was passed in May 2014. To promote these intensive-oriented measures, there are comprehensive grants for social capital development, taxation measures, floor-area ratio-related systems and urban function support programs. These measures are intended to create agglomerations by specifying particular areas apart from existing urban planning systems and encouraging commercial establishments, medical and welfare facilities and housing complexes through private-sector initiatives.

The city of Toyama is a pioneering model of the Strategy for the Establishment of Intensive Urban Structures. The city is known for having already achieved progress in intensive urban functions.

For this city, the population of residents in its central areas (about 436 hectares) and residence promotion areas along public transportation routes (about 3,489 hectares) steadily increased from 117,560 (28% of the whole population in 2005) to 135,296 (32.2% of the whole population in 2013). The city aims to further increase the population of residents in the two areas to 162,180, 42% of the whole population, by 2025.

For further detailed information, in central areas and residence promotion areas along public transportation routes, 70.7% of their residents live within a range of 500 meters of supermarkets and 83.4% of the residents live within a range of 500 meters of hospitals and clinics. In addition, private-sector investments, including residential area redevelopment



Toyama City introduced a new public transportation system “Toyama Light Rail Portram” in 2006.

¹ I referred to the Interim Report of the Urban Reconstruction Strategy Examination Committee for the Strategy for the Establishment of Intensive Urban Structures (the City Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, July 2013).



projects, gained vitality, stimulated by public investments, such as the development of light rail transit (new public transportation systems) and complex establishments. In this situation, the land prices of central areas and residence promotion areas along public transportation routes have shown a low rate of decrease compared with suburban areas, and their changes are relatively stable.

Basically, however, residential areas are not shrinking in Toyama either. In addition, the city succeeded in increasing the population of residents in central areas from a mid- and long-term perspective, but this population-intensive policy does not rule out the option of living in suburban areas. A larger number of residents gather in central areas, upgrade their assets and contribute to the stable fluctuation of land prices. These factors are expected to create significant tax revenue effects.²

Fundamentally speaking, with regard to the establishment of intensive urban structures, there was a conflict of interests between people who have an idealized way of thinking that intensive urban structures should be developed by strengthening regulations on land utilization methods and local residents and politicians who call for deregulation to promote their own local development. In such a situation, they are searching for a way out of this standoff in the Strategy for the Establishment of Intensive Urban Structures through private-sector activities by shelving the conflict of interests. Decision-making by individual residents in markets is expected to realize the gradual establishment of intensive urban structures

Get rid of unnecessary infrastructures and focus on intensive investment in necessary infrastructures

Lastly, I will take a look at the Infrastructure Longevity Plan and the Comprehensive Management Plan on Public Establishments. The Infrastructure Longevity Basic Plan (the Liaison Conference of Related Ministries and Agencies on the Promotion of Measures for Old Infrastructures, November 2013) intends to reduce and decrease mid- and long-term total costs and equalize budgets by making great efforts to come up with good ideas and to properly maintain, manage and upgrade infrastructures in order to maintain necessary infrastructure functions in tough financial conditions. However, the basic plan goes well beyond that. The final goal of the plan is to “reexamine the necessity of facilities.” For facilities whose necessity can be verified, the government will take advantage of opportunities to perform upgrades to facilitate qualitative

² For the city of Toyama, I referred to the city’s related materials, including the “Model Cases of Sustainable Urban and Regional Revitalization by Comprehensive Approach Based on Compact City Policy” (May 2014), which was announced by Mayor Mori Masashi. With regard to 2014 data, fixed property taxes and city planning taxes made up 45.1% of the city’s taxation. 74.1% of these two taxes come from urban areas (5.8% of the prefecture’s total area). In addition, the central district (0.4% of the prefecture’s total area) of those urban areas constitutes 22.0% of fixed property tax and city planning tax.



improvements, functional diversions, and changes of usage, composition and intensive structure in response to changes in social and economic conditions. For facilities whose necessity cannot be verified, the government will promote strategic measures, including abolition and removal.³

The Comprehensive Management Plan on Public Establishments, which is the action plan for local governments, focuses on all public facilities, such as roads, rivers, dams, erosion control, residential houses, school facilities, water supply pipes and sewage systems. For these establishments, the plan seeks to understand and analyze “the conditions of public facilities, including their deterioration and utilization,” “the future outlook of total population and generation-by-generation population” and “mid- and long-term costs concerning the maintenance, management and upgrade of public facilities and the prospects of financial sources that can be allocated to these costs,” and also formulates basic policy on the future management of public facilities. Special measures involving local bonds are applied to the removal and abolition of public facilities based on this plan.

Based on these steady operations, required of all local governments, the establishment of local base city areas and intensive urban structures is expected to progress eventually. The process of concentration in core competence for the survival of local areas has already quietly started.

For the survival of local areas

However, there are still quite a few local governments that stick to expansion-oriented community development. With the aging of citizens progressing, some local governments are not interested in investments in the future and try to stubbornly persist in maintaining conservative stances. My honest impression is that there are few cases in which local governments in disadvantaged areas present risk-taking bold community development plans.

We have to avoid creating a situation in which local governments will continue to weaken and decline and end up disappearing. Even if their population decreases to half from a mid- and long-term perspective, it is significant for local governments to take bold steps to form intensive structures and enhance mutual collaboration, to establish a society that is pleasant for the people who continue to live there and to build a structure in which birthrate and population can be expected to be restored from an ultra-long-term perspective.

Over the past year, I was able to study domestic and foreign cases, such as the village of Tenkawa, Nara, the city of Inabe, Mie, the city of Nagasaki, Saga prefecture, the city of Corpus Christi, Texas, the city of Portland, Oregon, the city of Dessau-Rosslau, Germany, the city of Stendal, Germany, and the city of Magdeburg, Germany, with the 21st Century Public Policy

³ I referred to the Infrastructure Longevity Basic Plan (November 2013) of the Liaison Conference of Related Ministries and Agencies on the Promotion of Measures for Old Infrastructures, November 2013. The excerpts are from page 4 of the basic plan.



Institute (21PPI), focusing on the theme “the maintenance and upgrade of public facilities in ultra-aging and depopulation society.”⁴ The space limitations make it impossible for me to give a detailed explanation about the research in this paper. However, I will point to four significant focal points concerning the future establishment of intensive structures and enhanced collaboration on the basis of my case studies.

The first point is flexible community development whose detailed plans can be changed. There are cases in which local governments can secure ideal environments by maintaining detailed plans as initially planned if they are in the phase of population increase and expansion. In such cases, local governments can easily gain a consensus from their residents by using the carrots of public works projects and conversion of farmland to other uses.

However, in the case of depopulation societies, local governments need to establish intensive structures by getting rid of unnecessary facilities from a place where there is already a certain amount of public facilities. It is very difficult to build residential consensus at the initiative of risk-averse administrators. There is no other choice but to make an effort to secure conditions for setting the rules on information delivery and consensus building for the promotion of intensive structures and enhanced collaboration.

The second point is big data that supports consensus building and the significance of information systems that enable the utilization of big data. Currently, the degradation and deterioration of infrastructures can be observed in civil complaints the most clearly. It is important to constantly create an intensive data collection of requests and complaints from local residents and to utilize that data for the maintenance, upgrade and proper reorganization of infrastructures. If local governments can properly use information systems, they can constantly and appropriately accumulate and utilize big data concerning public facilities.

The third point is community development that considers the reduction and decrease of unnecessary facilities. Local area residents and neighboring municipal governments that need to enhance their collaboration with population-intensive base areas play a key role in consensus building. It is desirable to secure residential environments as comfortable as possible for local people who will continue to live in their areas, such as by removing and abolishing unnecessary public facilities and vacant houses with a focus on peripheral environments.

In addition, population-intensive strategies that work to help only base areas prosper must not be tolerated. Unless both local base cities and neighboring municipal governments agree, financial measures will not be implemented. Therefore, whole urban areas are required to make tough decisions on concentrations in core competence. Conversely, it is necessary to have the recognition that the time has come for respective local base cities and neighboring municipal governments to clear this hurdle.

⁴ The report was published in July by the 21st Century Public Policy Institute (21PPI). A symposium about the details of the study was also held at Tokyo Kaikan on July 24.



Lastly, the fourth point is financial support measures. It is local governments with a certain level of financial capabilities that make pioneering efforts to reorganize public establishments and prolong the durable life of infrastructures. Local governments that have difficulty with regular financial management due to growing depopulation cannot afford to consider the maintenance and management of public facilities and it is conceivable that those local governments will use up many public facilities. The reorganization, reduction, removal and abolition of public facilities require as much cost as the establishment of new facilities. To encourage local governments to properly manage and upgrade infrastructures from the initial stage, it is important to strengthen financial measures with certain incentives.

Local governments have to establish population-intensive structures and enhance mutual collaboration, considering the above-mentioned four focal points. Unless they seriously confront the progress of depopulation and population aging for which no parallel can be found elsewhere in the world and make bold steps for concentration in core competence, Japan's future will be gloomy.

Translated from Tokushu – Subeteno machi wa kienai: “Jichitai-kan de arasotteiru baai dewanai. Zenkokuno chusu kyoten toshi ni shutyutoshi seyo (Special feature: Not every city can be saved – It is not time for local governments to compete with each other. Intensive investment in key base cities nationwide is urgently needed.)” Chuokoron, July 2014, pp.46–53. (Courtesy of Chuo Koron Shinsha) [July 2014]

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