

Decentralization of Power and Resources from Tokyo to Regions : a Review of Issues and Proposals

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I INTRODUCTION

Tokyo contains a residential population density of 15,850 persons per square kilometer, compared with 9,420 persons in New York, 8,060 persons in Paris and 7,610 persons in London per square kilometer. The density for jobs also ranks Tokyo the first with 13,140 jobs per square kilometer, followed by London with 8,340 jobs, New York with 5,330 jobs and Paris with 4,510 jobs.

Centralization, decentralization, and uneven development are central issues to a democratic state, in terms of equal access to resources and service delivery, and citizen participation in policy decisions. In some countries, centralization of power at the central government has been justified to be efficient use of resources to achieve certain development goals and pace in development, whereas decentralization seen to be inefficient use of time and resources. However, decentralization is gradually realized to be an immediate and long-term goal as the society has become more affluent, the weakness in regions can never be helped unless they are given the power and resources to help themselves. And to make this possible, a drastic reform of the administration system of the national state, or the dispersal or relocation of the centralized and overgrown capital functions is somehow inevitable.

To decide whether Tokyo, the capital of Japan, is overcentralized or not, shall need a study of the equity of resource and activity distribution within the nation, the over-concentration problem at Tokyo and the views of citizens and advocacy groups. The problem of over-concentration can be measured in terms of congestion time or cost, environmental

or social costs.

The two objectives of this study are given as follows :—

(1) to introduce the issues of centralization and concentration at Tokyo and to show the need for decentralization of power and resources in Japan ;

(2) to review the major proposals for decentralization of functions and offices from Tokyo to regions.

II CENTRALIZATION OF FUNCTIONS AT TOKYO

2.1 Present Situation

Centralization is used to describe the concentration of functions at Tokyo, its proper capital area or its metropolitan region (M. R., including the adjacent prefectures of Chiba, Kanagawa and Saitama) compared to the concentrations at other regions in the nation, especially the second largest one at Osaka. Primate city relationship has provided a framework for study here. We shall survey the indices of population, large firms, different employment sectors, foreign investment, education institutions and entertainment.

The trend of population growth shows that Tokyo proper has a stagnant population since 1970s at 8 million persons, but its neighboring prefectures have maintained tremendous growth in the last three decades, as a result the Tokyo M. R. has reached 32 million persons in population in 1991. Data also reveal that these neighboring prefectures have high natural growth rates (over the national average rate of 2%) and at the same time high immigration rate of over 4% in the last few years. Meanwhile, Tokyo proper has a natural growth rate of 2% but a migration rate of -1.8% (Table 1-A).

The share of Tokyo M. R. in the total number of large firms (over 300 employees) over the country has increased from 34.3% to 36.2% in the last decade, compared to a slight decrease from 17.3% to 16.6% for Osaka M. R. (including Osaka, Kyoto and Hyogo prefectures) (Table 1-B).

Figures of the share of employment for different sectors in the nation show that Tokyo M. R. has achieved over 2% increase for retail,

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Table 1 : REGIONAL DISPARITIES BETWEEN TOKYO AND OTHER REGIONS

(A) SHARE OF POPULATION

	1930	1940	1950	1960	1970	1980	1990
Tokyo Proper (%)	8.4	10.2	7.5	10.3	10.9	9.9	9.6
Tokyo M. Region (%)	15.5	17.7	15.5	18.9	23.0	24.5	25.7

Note : Tokyo Proper refers to the capital proper, and Tokyo Metropolitan Region the capital and its three adjacent prefectures of Saitama, Chiba and Kanagawa.

(B) SHARE OF LARGE ENTERPRISES

	1981		1989	
	All	>300 employees	All	>300 employees
Tokyo M. Region (%)	23.3	34.3	23.7	36.2
Osaka M. Region (%)	14.9	17.3	14.8	16.6

Note : Osaka Metropolitan Region includes Osaka, Kyoto and Hyogo prefectures.

(C) SHARE OF EMPLOYMENT

	TOKYO M. R.		OSAKA M. R.	
	1981	1989	1981	1989
All sectors (%)	26.6	27.9	15.1	14.8
Manufacturing (%)	25.9	25.1	15.8	15.1
Transportation/Communication (%)	30.0	30.2	16.1	15.2
Retail, Wholesaling & Restaurants (%)	26.8	28.8	16.3	16.0
Financial & Insurance (%)	31.9	34.3	16.0	15.2
Real Estate (%)	39.2	40.6	18.9	19.1
Services (%)	28.0	30.1	14.2	14.1

(D) SHARE OF FINANCIAL TRANSACTIONS

	TOKYO M. R.		OSAKA M. R.	
	1980	1989	1980	1989
Total Amount of Deposits (%)	32.3	35.6	16.8	15.9
Total Amount of Loans (%)	38.0	46.0	17.4	16.8
Total Amount of clearance (%)	66.9	84.5	17.2	9.0

(E) SHARE OF FOREIGN ENTERPRISES (1991)

	TOKYO PROPER		TOKYO M. R.	
	1991	1990	1991	1990
All enterprises (%)	79.0	85.9	99.0	99.0
Financial services (%)	99.0	99.0		

Notes : 1. Data from Toyo Keizai, *Directory of Foreign Enterprises*, 1991.

2. The analysis only includes the local headquarters of foreign enterprises, not their branch offices.

3. Financial services include banks, trust banks, lease and financial companies, securities, and insurance services.

(F) SHARE OF UNIVERSITIES AND THEIR ENTRANTS

	TOKYO PROPER		TOKYO M. R.		OSAKA M. R.	
	1980	1991	1980	1991	1980	1991
Number of Universities (%)	23.1	20.6	31.4	31.5	18.4	17.3
Number of New Entrants (%)	33.8	23.9	45.0	41.4	19.5	18.7

Note : The category university only includes educational institutions with four-year school system.

(G) SHARE OF SEATS IN THEATERS AND EVENT HALLS AMONG MAJOR CITIES (1991)

Seats in :	Theater	Concert	Sports	Events	Total
Tokyo Proper (%)	26.4	17.9	20.5	34.2	21.7
Osaka City (%)	7.6	14.2	3.4	20.1	13.7

Note : Data from Pia Sogo Institute (1991) "Survey on Disparity among Urban Cultural Environments."

Source : Data of Table 1 (A)-(G) are compiled from the Economic Planning Agency (1991), "White Paper on the Situation of Citizens' Living." Okurasho Publication.

wholesaling and restaurant, financial, and services in the period of 1981—1989, having a share of around 30% of the nation. The real estate sector has also experienced a small increase, reaching a share of 40.6%. Only the manufacturing sector is in decline. In comparison, Osaka M. R. has a share of around 15% of the nation's employment, and most of which are in slight decline in the nation's share (Table 1—C).

The financial sector is studied with a breakdown to the amounts of deposits, loans and clearance. Tokyo M. R. has an increase of each of these functions, reaching a share of 35.6% in the nation's deposits, 46.0% in loans, and 84.5% in clearance. In comparison, Osaka M. R. has achieved absolute increase in the same period, but relatively less importance in the nation's share in this sector (Table 1—D).

With regards the foreign investment, the locations for headquarters of foreign enterprises in 1991 are concentrated within Tokyo proper at 79%, and even more financial services, at 99% (Table 1—E).

Tokyo has other concentration aspects besides economic and corporate functions. For example, the university location and number of new entrants for the last decade show much decrease in the Tokyo proper and M. R. A slight decrease is also found in Osaka M. R. The other regions gain in importance. However, the level of 31.5% in the share of university and that of 41.4% in the share of new entrants for Tokyo M. R. are still quite high (Table 1—F).

Lastly, figures of the entertainment function show that Tokyo proper has higher percentages in the number of seats for theaters, sports, and events as compared to other major cities in Japan (Table 1—G).

The over-concentration of activities in Tokyo has caused big problems for living costs, worsening living environment, and increasing time of work trips, averaging over 70 minutes for a one-way trip. Though the company provides allowance for the work trip of its employees in Japan, but some study estimates that the excess burden of work trip in Tokyo causes an employee stress and lessens his/her free-time, which is estimated to be an opportunity cost of approximately 25,000 yen (US \$ 190, as at July 10, 1992) a month in his/her living¹⁾. Studies on the degree of congestion on the railway lines in Tokyo M. R. in rush hours in 1989 reveal that eight out of the nine lines are over 200% of the

designated capacity of passengers. The study on Osaka M. R. reveals that only one out of the nine lines are over 200 % of its designated capacity in rush hours. Garbage disposal, sewage, street capacity for cars and electricity provision are nearing if not over their capacities in Tokyo. Moreover, the possibility of natural disaster such as earthquake also present constant fear to residents in the Tokyo M. R.

The Economic Planning Agency (1991a) has studied the quality of life, or degree of affluence by three major groups of factors, residential conditions (14 items), working conditions (9 items) and free time (6 items)²⁾. Results from the composite index comprising of all these items rank the local prefecture Yamanashi to be the best, Tokyo the 38th, Osaka the 43rd among a list of 46 prefectures in the nation. Local prefectures win in the measure of their space and price level of housing, proximity of home and workplace, and abundance in the endowment of nature.

2.2 Factors For Centralization

But, why are such a high percentage of activities concentrated at Tokyo? What are the attractions of Tokyo? And to whom do these attractions appeal?

Major reasons for the centralization at Tokyo and its continual development in most aspects can be summarized as follows :

(1) Since Meiji Era a centralized form of government system has been established to develop fast enough to catch up the development of European nations. This trend never weakens and the central government remains to be the seat of power and resources, and at the same time the main drive for the development of the whole nation.

(2) Recently, the drastic changes in the industrial structure towards more tertiary and information activities have helped to increase the concentration of central administrative and legislative functions at Tokyo, its merits are largest size of market in the country, varieties of information, and opportunities for informal contacts.

(3) The central and local governments have tried in various decentralization measures but of little avail.

(4) Value systems of citizens are undergoing changes from valuing the quality of life more important than that of employment life. How-

ever, effective strategies to enable them to realize the value changes into actions like moving to local regions are not provided yet.

The attractions of Tokyo are many, for example, the agglomeration effects of all kinds of opportunities, varieties of activities, new developments and experiments, internationality, anonymousness, and etc..

These attractions appeal most to the age group of twenties who have most free time to enjoy the activities offered in Tokyo. Needless to say, level of the household's income do matter, the more the income the more activities one can enjoy in Tokyo.

III A REVIEW OF GOVERNMENT AND LOCAL EFFORTS

We shall review the Comprehensive National Development Plans (CNDP) adopted by the cabinet and coordinated under the National Land Agency and study the periodic shift of their emphases. Then we shall survey briefly on various industrial and innovation programs for regional innovation and find out the intended objectives and impacts in the regions.

3.1 The Four CNDPs and Related Programs

CNDPs are plans that sketch conceptually the emphases of land development nationwide and between the metropolitan regions and local regions. They reflect the medium- or long-term goals of the cabinet and coordinate the land development and intended effects derived from different regional innovation programs promoted by the other ministries (Table 2).

In the 1950s before the first CNDP, regional plans for regions were set up for development promotion. Areas in the capital region were classified into three types, namely built-up areas, suburban areas and to-be-built-up areas. Restriction for further factory development in some areas in the built-up areas has been started since then.

The First CNDP was set up with a vision for the whole nation for the decade of 1970s in 1962 during Ikeda's cabinet. Against the background of increasing growth rate and regional issues like over-concentration at metropolitan regions and regional income disparity, goals of the first CNDP were balanced growth among regions through growth pole

Table 2 : THE FOUR COMPREHENSIVE NATIONAL DEVELOPMENT PLANS (CNDP) IN JAPAN

	1ST CNDP	2ND CNDP	3RD CNDP	4TH CNDP
Time of Decision	Sept. 5, 1962 Ikeda's Cabinet	May 30, 1969 Sato's Cabinet	Nov. 4, 1977 Fukuda's Cabinet	June 30, 1987 Nakasone's Cabinet
Period & Target Year	1960 - 1970	1965 - 1985 1985	1975 - 1985 - 1990 - 2000 1990	2000
Background	1 Economy changing from low to high growth rate; 2 regional issues like: -overconcentration -income disparity among regions enlarges; 3 Economic Plan to multiply the national income by twofold; Pacific Belt Concept	1 High growth economy; 2 concentration of population and industry in big cities; 3 regional disparity in income 4 promotion of efficient use of resources	1 steady-growth economy 2 settling of population at regions, industries start to move to regions 3 regional disparity in comprehensive terms 4 resource restriction 5 change of citizens' values	1 medium-growth economy 2 concentration of high-level functions at and only at Tokyo region, & population as well 3 drastic change of industrial structure and stagnant economy at regions 4 aging, internationalization, technological innovation, informatization
Basic Goals	Balanced growth among regions: 1 prevention of overgrowth at large cities and alleviation of regional disparity. 2 appropriate distribution of capital, labor, technological resources to regions	Creation of nice living environment: 1 harmony between man & environment, conservation of nature; 2 preparation of basic conditions for development for all regions 3 More efficient use of land & utilization of local advantages 4 development for safe, comfortable, & cultural environment	Integrated environment development for living: 1 scarcity of national resources as pre-condition 2 respect for local, historical and traditional culture 3 aiming for harmony between man and nature	Formation of diverse & multinuclear national land 1 regional vitalization through settling of population and more exchange activities 2 internationalization and restructuring of world city function 3 development for an environment of safe & high quality of life
Development Concept	Growth pole development concept. Decentralization of industries at Tokyo & development of linked growth poles at regions to achieve regional balance.	Big project concept. Development of shinkansen and highway networks & promotion of big projects to adjust imbalance in national land use, overconcentration, and sparsely populated areas.	Settling of population concept. Restriction of concentration of population & industries at large cities; enhancing regional growth, and achieving balance in national land use and developing integrated environment for human living.	Exchange network concept. Deepening the interdependent relationship among regions by expansion of their inter-flows through facilitated exchange network.

Source : Chugoku Chitcho Sogo Research Center (1992) : *The Economy and Regional Development of Chugoku Region*, p. 428 - 431.

development, building a number of energy-consuming industries—petrochemical complexes along the deep waterfronts of industrial cities. Pollution problems got serious and the law for tackling pollution was finally adopted in 1967.

The Second CNDP was passed by the Sato cabinet in 1969 for the period until 1985. The plan was developed under a high growth (over 9 %) economy and similar background as before, now the goals were aimed at creation of nice living environment and more efficient use of land resource and advantages at local regions. The development concept was a kind of “big project” concept, including strengthening of national transport networks by shinkansen and highways. Programs for setting up industrial towns of 100,000 persons (target population 250,000) inland with machinery industry, urban function, labor and convenient transport system was adopted under the new promotion law for industrial relocation in 1972. Yet, not much have been done in environmental improvement, and the Environmental Agency was set up in 1971 to enforce the environmental laws.

After the first oil crisis the growth of economy turned to be slow and a need for change of industrial structure to lighter, thinner, shorter and smaller type (kei-haku-tan-sho, like electronics industry) was seen. Then the Fukuda's cabinet passed the Third CNDP in 1977 aiming at integrated development for environment and living and harmony between man and nature for a time span until 1990. The development method was a kind of settling the population at regions, and restriction of further growth at metropolises. Programs of dividing the nation into 200—300 settlement zones (teiju-ken) were adopted to establish the community development in each zone and to help attract the concentrated population at the three metropolitan regions. Then the “technopolis” concept was released in 1980 and adopted as a law to promote high tech aggregation in regions in 1983. Urban development with the combination of industrial, university and residential functions was emphasized and promoted. Prefectures applied with program initiatives for specific areas and until December 1991, twenty-six areas have been approved with the status. Afterwards, ministries realized the need for promoting high tech aggregation and information innovation and promoted pro-

grams of "teletopia", "intelligent city", and "research core"⁸⁾.

Then the Nakasone's cabinet extended the vision to 2000 as the Fourth CNDP in 1987. The background was a medium-growth economy (5 % or 6 %) and then Japan's continuous growth in the global monetary capital necessitated the strengthening of "world city function" at Tokyo. The goals of this plan were for the formation of dispersed and multinuclear development of national land while allowing, rather than limiting, further expansion in Tokyo region. The development concept was to build a more sophisticated exchange network of information and activities in order to deepen the interdependence among the regions. Programs of technopolis, teletopia, intelligent city, research core are being enforced. In addition, the law on "resort development" promotion has been introduced to meet the growing leisure needs of people in 1987 (Oyagi 1990). Local governments can apply to develop a part of its land as resort, and when approved, reduction of national and local taxes, low interest-rate loan, and issue of local bonds will be allowed. The policy has reached its boom in late 1980s, but when the bubble economy based on spiral rise of values in property and securities was burst in early 1990, development is in low profile now. Besides, a law on "local core city development" has been adopted in May 1992 to strengthen cities with a population below 300,000 since they lost most compared to cities of larger scales. Dispersal of office or industrial developments to regions with more initiative of the private sector and better infrastructure development are to be supported. However, its effects are to be found out yet.

3.2 The Second National Axis Proposals

The first national axis "kokudo-jiku" is the route linking Tokyo with Fukuoka through the major cities of Nagoya, Osaka, Hiroshima by the shinkansen in approximately six hours for a distance of 1,100 kilometers since 1967.

As the central government is pressurized by the U. S. proposals by the Japan-United States Agreement on Structural Change in 1990 to spend approximately 430 trillion yen on social infrastructure in the coming ten years in order to vitalize domestic economy, two different local groupings of prefectures compete to ask for the money from central

government to develop the second national axis (Asahi Shimbun 1991 ; Nippon Keizai Shimbun 1991).

The eastward development of second national axis is proposed by the group of prefectural bodies like the Association of Hokkaido and Tohoku Prefectural Governors, their regional Economic Federations, and etc. comprised of Fukushima, Miyagi, Yamagata, Akita, Iwate, Aomori, Hokkaido and Niigata prefectures. The Tohoku shinkansen has started its service since mid-1980s, and their proposal is a network of three major highway /high-speed railway routes linking Tokyo to Sapporo. They also complement their proposal by suggesting the largest city – Sendai in Tohoku region to be the auxiliary capital to support the functions of Tokyo, or to replace it in case Tokyo suffers from serious damages out of earthquake (Fig. 1).

The other proposal is a westward development of the second national axis, extending from Tokyo to Ise Bay, Ki'i Peninsula, Kitan Straits, northern Shikoku, Hoyo Straits, and lastly to Oita, Nagasaki and Kumamoto in central Kyushu. It attempts to link up the major unlinked cities and regions by a major mode of transport like shinkansen, and goes in parallel with the first national axis. This proposal is first raised up by the Wiseman Report of the United Nations in 1965 and now being actively promoted by a group of seventy representatives at the Diet known as "Develop Tokai-Nankai-Shikoku-Kyushu as the Second National Axis Union", the group of seventeen prefectural governors and their regional Economic Federations, and their Chambers of Commerce and Industries.

However, these two groups seem to aim more at the competition for national funding of local projects rather than drawing up their detailed scenarios for further regional development. Besides, both proposals do suggest a more balanced development of national land, but the continual centralization at Tokyo shall be allowed to continue.

IV DECENTRALIZATION PROPOSALS OF THE CAPITAL TOKYO'S FUNCTIONS

Decentralization proposals or relocation of the national capital has

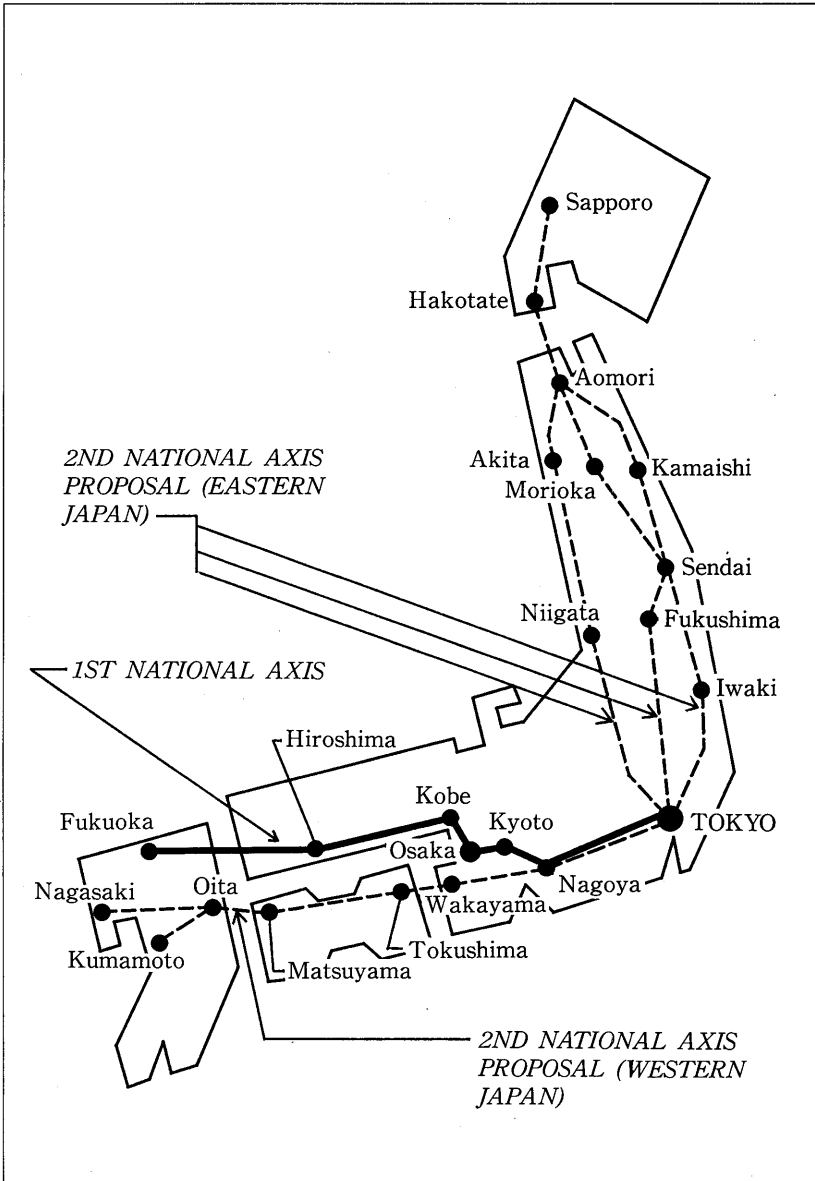


Fig 1 : PROPOSALS FOR THE SECOND NATIONAL AXIS

a long history in Japan. The relocation of Tokyo capital was discussed in the 1960s, 1970s and late 1980s, each time when the land price escalated in Tokyo, though no concrete solution has been reached⁴⁾.

4.1 Hardware and Software Decentralization Proposals

We first try to divide the proposals for decentralization of the capital functions at Tokyo into two groups — those that aim for a hardware change (Types 1–6) and those that aim for a software change of the political or administration system (Types 7–10). Both involve either physical move of capital functions or establishment of new government offices at different scales (Fig. 2).

The structural change involving hardware reform can be sub-divided into those that propose no relocation of the central government offices (Types 1–3), and those that propose move or diversification of the whole set of central government offices (Types 4–6).

(1) Kaito : redevelopment of the existing Tokyo with more space (high-rise, underground, and waterfront) and adequate facilities to contain all the offices of capital functions (Fig. 3 and Table 3). However, the costs for construction and reconstruction are estimated to amount to several hundred trillion yen and construction works will take approximately fifty years to complete, which will consume most money and time among all the other proposals. Besides, effects on the regional and administration structures are expected to worsen rather than improve the existing centralization at Tokyo.

(2) Tento : move or spread of the capital functions/offices to the fringe of Tokyo metropolitan region. A cost of 100 trillion yen and a development period of twenty years are estimated. In general the regional effects will be worsening the problem of over-concentration at Tokyo M. R., lengthening the time for work trips, and expanding the impact area under the land price rise. The result on the administration structure will be further centralization of power and leadership at the central government, and formation of hierarchical feeling among ministries when some ministries are relocated at the fringe and some are not.

(3) Choto : establishment of an auxiliary capital at some regional city (e.g. Sendai) to allow continual functioning of capital functions

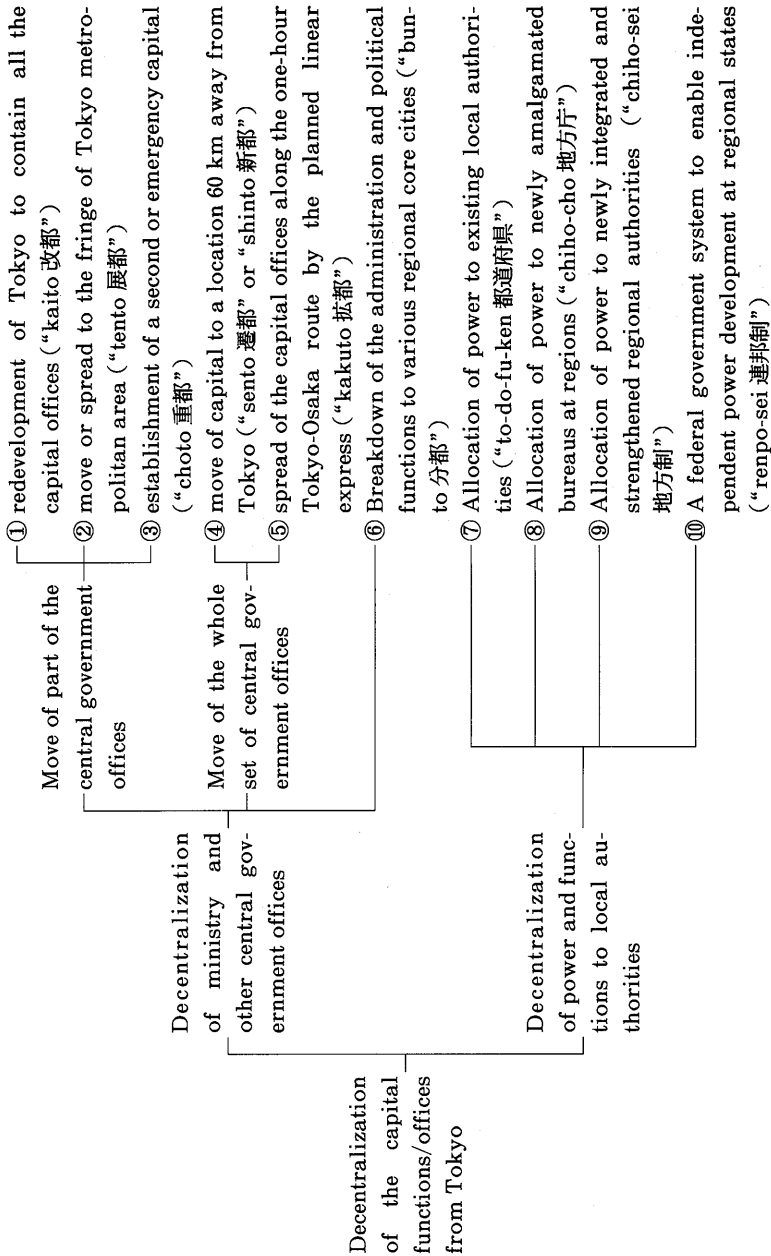


Fig. 2 : DIFFERENT FORMS TO DECENTRALIZE THE CAPITAL FUNCTIONS OR OFFICES FROM TOKYO

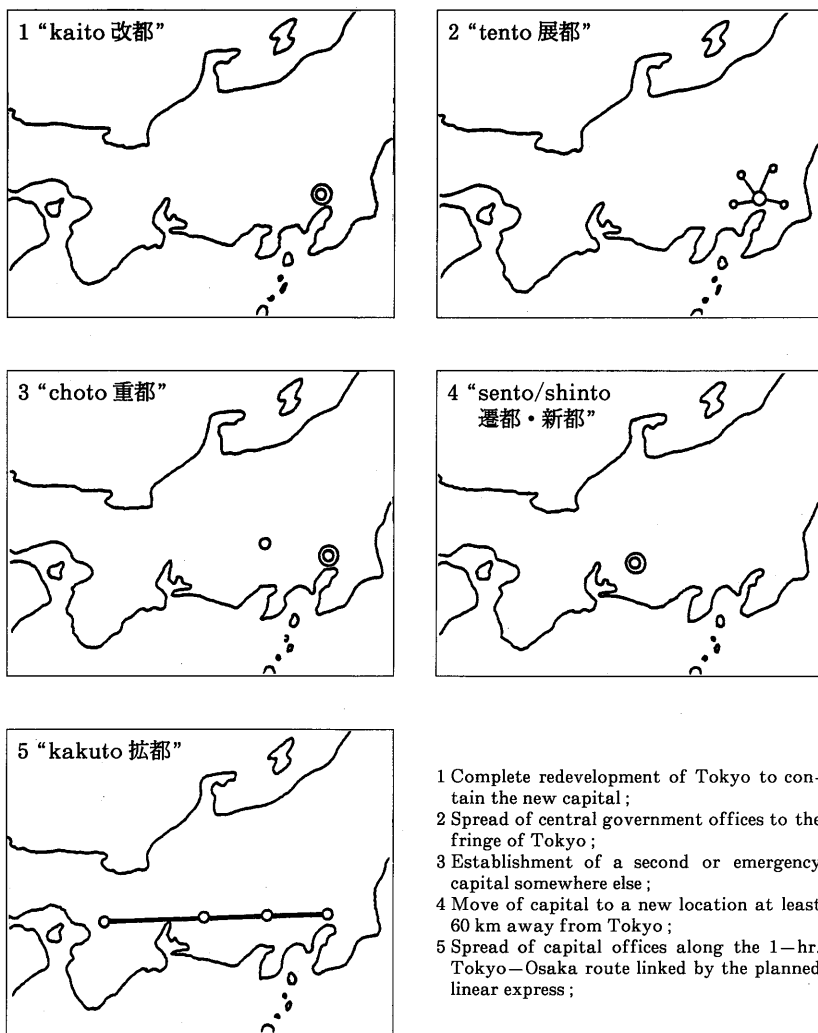


Fig. 3 : DECENTRALIZATION OF CENTRAL GOVERNMENT OFFICES/FUNCTIONS IN SPACE

Source : K. Amano (1988) *A New Plan for Redesigning Japan*. PHP Institute, pp. 210—211.

Table 3 : EVALUATION OF DIFFERENT FORMS TO DIVERSIFY CENTRAL GOVERNMENT FUNCTIONS/OFFICES

Forms	Contents	Costs & Duration for Construction	Impacts on Regional Structure	Impacts on Administration Structure
Kaito 改都	Buildup of super-capital at Tokyo to hold all functions of the future capital and effects of over-centralization.	Several hundred trillion yen ; 50 years or more.	Worsening of the problem of over-centralization at Tokyo, and lead to further rise in land price.	Leadership and power of central government shall be strengthened, giving further difficulties for administration reform.
Tento 展都	Spread of capital functions within Kanto region.	100 trillion yen ; 20 years.	Worsening of Tokyo's over-centralization ; lengthening the time for worktrips ; expanding the impact area under large land price rise.	Leadership and power of central government shall be strengthened, and formation of hierarchical feeling among ministries.
Choto 重都	Development of second capital at regional cities for emergency prevention.			
Sento 遷都	To move the whole set of capital functions from Tokyo and build a new capital.	60 trillion yen 25 years.	The national communication system shall have to change, so the impact is enormous.	Enormous effects of administration reform can be expected.
Shinto 新都	Move of only the core political and administration functions to a new location.	9 trillion yen ; and 10 trillion yen for regions ; 18 years.	Prevention of over-concentration at Tokyo ; and good effects for regional development.	Enormous effects for administration reform.
Kakuto 拡都	Spread of capital functions at four special areas along the route of the planned linear express linking Osaka with Tokyo in an hour.	9 trillion yen for construction only ; 20 years.	Convenient communication framework ; but certain problems of over-centralization remain.	Some effects of administration reform, and new type of centralization along Tokaido.
Bunto 分都	To diversify the political and administration functions all over the nation.	20 trillion yen ; shorter period ; large expense of time and costs after change.	With expected diversification effects, but also inconveniences to government and citizens.	Enormous effects of administration reform can be expected.

Source : T. Sakaiya (1990) *Shinto Kensetsu (Establishment of The New Capital)*. Bungei-Shunshu.

when Tokyo is under emergency such as earthquake. The estimation is difficult as the extent of emergent preparations are to be decided yet.

(4) Sento/Shinto : relocation of the whole set, or only core functions of the capital to a location at least sixty kilometers from Tokyo to enhance relocation effects.

“Sento” means relocation of the capital, which aims to relocate the whole set of capital functions away from Tokyo and will cost an amount of sixty trillion yen with works extended over a period of twenty-five years. The national transportation and communication will have to make adjustments to allow the formation of a new hub at the new location. Enormous effects on administration reform can be expected.

“Shinto” literally means the set up of a new capital, and the proposal is to move only the core part of the capital, like the major ministries, judiciary and legislative functions (the Diet) away from Tokyo. The amount of costs involved is estimated to be nine or ten trillion yen only, and shall take 18 years to complete. Similar to the “sento” proposal, it will prevent over-concentration at Tokyo, and produce a more balance development in the regional structure. The effects on administration reform will be enormous too.

(5) Kakuto : spread of the capital offices along the one-hour Tokyo-Osaka route to roughly four or more locations, for example, Sumigaseki in Tokyo, Kofu, Nagoya and Osaka, with intercity communication facilitated by the planned magnetic levitational linear express (Amano et al 1991). The construction costs for the capital functions will go up to nine trillion yen, excluding the development costs of linear express which is funded in another budget. The whole project shall take twenty years to complete. The impacts on regional structure will be earlier introduction of a convenient communication system, though problem of over-centralization of development along the Tokaido will remain. Some good effects on the administration reform can be expected but a new type of centralization over large 500 km belt area will take place.

(6) Bunto : break-down of the political and administration functions to various regional core cities all over the nation, a kind of Swedish model of decentralization. The costs of development will amount up to twenty trillion yen, but relatively short period for completion. How-

ever, the functioning of the spread functions of the capital will consume large amount of time and costs for efficient communication. Diversification effects can of course be expected, but meanwhile inconvenience to local government and citizens may occur. Enormous effects of administration reform can be expected.

Below we shall discuss four types of the software proposal of the reform of the central and local government system and its relationship with the decentralization issue.

(7) Decentralization of power to "to-do-fu-ken" proposes allocation of certain power of central government to existing local authorities. So it only involves the reorganization of bureaucratic structure at the central government. The power may be more independent tax sources, power in authorizing town plans and local development projects (Fig. 4).

(8) Allocation of power to newly amalgamated regional bureaus "Chiho-cho," for example, at the level of Hokkaido, Tohoku, Kanto, Hokuriku, Tokai, Kinki, Chugoku and Kyushu, which carry out ministerial functions related to local development.

(9) Allocation of power to integrated and strengthened regional authorities from the newly reformed "chiho-sei" or regional government system. It represents further decentralization of power and functions to regions at their regional authority level. An average region shall have a gross domestic product as large as a nation and the manpower resources can somehow be self-sufficient.

(10) A federal government system modeled after the United States will be developed, and administrative and legislative power be largely given to the state governments while the central government will only take care of foreign and defense functions. This is seen to be the most radical proposal of administration reform, and then the relocation of capital function from Tokyo to elsewhere will no longer be needed.

Keidanren (1991), the Economic Federation of Large Firms has published results of its survey on entrepreneurs of its 942 companies on decentralization and opinions on relocating the capital functions of Tokyo. The return rate for questionnaire was 40 %. Among the returned companies, 93.6 % agreed to have some kind of measure to correct the centralization at Tokyo, and 58.8 % agreed specifically to

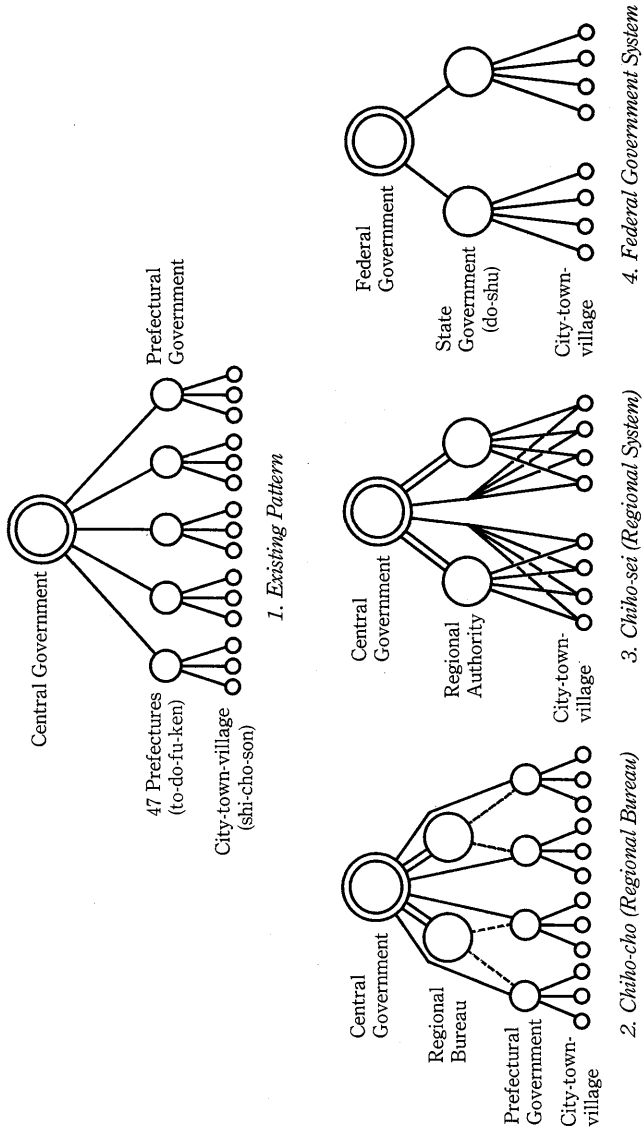


Fig 4 : VARIOUS FORMS TO DECENTRALIZE POWER AND FUNCTIONS TO REGIONS

Source : K. Amano (1988) *A New Plan for Redesigning Japan*. PHP Institute, pp. 78 - 79.

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move the capital functions of Tokyo to some other location. A substantial rate of 39.6% agreed to move the core capital functions out of the Tokyo M. A. and decentralization of power to regions. Regarding the form of relocation, 41.1% preferred the "bunto" method, 34.6% the "sento" or "shinto" method, 19.1% the "kakuto" method, and 3.9% the "choto" method.

4.2 Ohmae's Zero-Sum Based Constitution

Kenichi Ohmae (1989) and his staff at the McKinsey Consultants, Japan have reviewed the government structure of Japan and published a book titled as "*Heisei Reform : Zero-Based Organization and Constitution,*" suggesting a new constitution and restructuring of the whole central government structure and its relationship with regions. We shall abstract the essence of his book on the relationship between central and regional governments.

Regarding the tax system, they suggest the profit and income taxes should be unified to 15%. Regional government system (do-shu-sei, referring to chiho-sei) is to be set up. The profit tax and consumption tax should be handed directly to the regional governments (at present to the national state) to be used for promoting local industries, and infrastructure building. Regional government should get the 10%, and central government 5%. So regional governments can have access to tax resources and meet their needs more directly. Individuals should bear approximately a total of 25% of all taxes, similar to present situation. So decentralization of power and resources to regions is one of its major proposals for constitution reform.

To carry out his visions Ohmae (1992) has started to call for the establishment of a political party named "Heisei Ishin-no-Kai" with the major aim for the benefits of daily living people and consumers. He ceases to have hope on the existing establishment and parties because they are linked to their beneficiaries and old pattern of decision judgment, refusing much if not any change.

4.3 Recent Developments

Two recent developments at the central government related to decentralization in the political system in Japan need to be mentioned here. They show that the general trend now is moving towards further decen-

tralization, though the process will not be short.

(1) Consultative Committee on the Issue of Relocation of the Capital

The Consultative Committee on the Issue of Relocation of the Capital for the Director of National Land Agency has finalized its report in June, 1992. Its major suggestions are as follows :

(a) The capital functions in terms of political and administrative areas should be separated from the economic functions, the former be relocated and the latter be left in Tokyo.

(b) The new capital ("Shinto") shall be establishment anew, at least with a distance of sixty kilometers from the Tokyo proper, with a development area of 9,000 has, and a target population of 600,000 people.

(c) Relocation of the capital functions shall take place step by step, and be started with the Diet. The total construction costs are estimated to be 14 trillion yen, including 5 trillion yen for land acquisition.

(d) The criteria for determining the appropriate location for the new capital are : a location (i) safe from the danger of earthquake or volcano activities ; (ii) with physical landform suitable for development for the capital ; (iii) with sufficient supply of water ; (iv) which is not snowy area that jeopardize normal urban activities ; (v) accessible by high-speed railway and highways ; and (vi) with easily acquirable land.

The exact location for the new capital is not openly considered yet to help form a bigger national consensus of relocation, and to curb unnecessary rise of land price at the target area. Nevertheless, this report has raised the concern of mass media and interested groups.

Besides this Committee, there are two other committees doing nearly the same job since last year. One is appointed at the Lower House to consider the relocation of the Diet, another is a consultative committee attached to the Prime Minister to consider the relocation of capital functions. So as the relocation of the capital is a big issue and a big project, much more discussions will take place in the near future.

(2) Proposal of Allowing Local Authority to Become "Pilot Local Authority" with Decentralized Power

The Sub-Committee of Decentralization to Regions attached to the Consultative Committee on Administrative Reform for the Prime Minister has given its report on June 10, 1992. Its major suggestions are as

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follows :—

(a) Decentralization of power to regions is the key for citizens to live an affluent life. The centralization style of government system should be transformed, and the power related to living shall be transferred to local authorities. A pilot project to transfer this power is proposed with the establishment of an “Exceptional System of Decentralization to Regions.”

(b) Local authorities which participate in this pilot project shall be given the authority related to town planning, social welfare, health, education, culture and community development. Their initiative to meet the local needs shall be respected.

(c) Local authorities which participate in this pilot project shall be allowed to raise local bonds to carry out the above-mentioned activities. Ministries of the central government will also assist the funding whenever possible.

(d) Local authorities with a population over 200,000 people can apply to undertake the pilot project. They should present a detailed plan in their application, and a total of ten to twenty local authorities will be allowed.

(e) The central government shall set up the “headquarters for decentralization” which representatives from related ministries to process applications. The test period shall last for five years, and it can be extended to another five years when deemed necessary.

(f) The opinions of local residents shall be reflected in the plans of the project.

However, the suggestion has met objections from ministries, and some criticized its constitutional validity as a group of local authorities are given more power and advantages than others. Besides, some local citizen groups also expressed their objections for the “Pilot Local Authority” Project as they have been fighting against the local administration’s program in pushing forward resort development, which has paid insufficient attention to environment. So discussions are still going on, and the channel opened for local residents to participate have to be established before any approval from the cabinet. The political decision of the prime minister shall be called for any further development

of the issue.

V CONCLUDING COMMENTS

We shall conclude by summarizing the nature of the problem, the need to decentralize, the way to decentralize and rules of judgment, and how are they related to the scenario of Japan in the twenty-first century.

5.1 Restating the Problem and Possibilities

The nature of the problem of decentralizing the power and resources from Tokyo to regions is that the mechanism of government and society in Japan is working towards further centralization. Local or foreign firms, and young people favor Tokyo for market information, face-to-face contacts, opportunities, proximity to ministries and political power, funds, or others.

However, the indices in the quality of life and indicators of gradual change of Japanese's values to live a more affluent life pose changes to the mechanism. But still more drastic policy changes from the central government are necessary. This calls for relocation of the capital functions of Tokyo or redevelopment of Tokyo M. A., or a more deliberate transformation of the central-local power relationship, or both of the hardware and software changes.

The early decades of the twenty-first century shall witness further integration of the Japanese Archipelago by the new linear express and completion of the Second National Axis, either eastward or westward. It will be a more information, service-oriented, high tech and "high touch" society. But Tokyo still continues to expand and get worse in living conditions because the ever-increasing centralized power are allowed to remain, and so the uneven development for the whole nation continues to worsen.

To review the proposals of change we need to screen through the above-mentioned types of decentralizing the capital functions and power from Tokyo. The rules of judgment in selecting the right choice are suggested to be (i) improvement of the total quality of life of all the citizens ; (ii) enabling the regional or local authorities to have more independent tax resources ; (iii) equity should be given priority than

efficiency ; and (iv) enabling regional core cities to exchange information and establish direct business or cultural relationships with cities abroad in this so-called information age.

The ways to achieve the decentralization development of Japan are many and some good proposals are suggested by various consultative committees of the government. There are also politicians who want to change the scene of centralization by attempting to set up a new party to aim for decentralization and for better and more affluent lives for citizens in Tokyo and local regions. However, oppositions to the decentralization from some ministries of the central government and vested power around Tokyo are very strong. It is necessary to establish new parties with goals for bettering the lives of citizens all over the country and policies for decentralization. More grassroots discussions and concerns in the mass media besides the politicians are necessary.

Moreover, external condition favor decentralization of power in Japan too. The era of post-1980s in Asia has already witnessed the development of economic impact zones beyond the national borders, for example, between Hong Kong and Guangdong province, Taiwan and Fujian Province, Republic of Korea and Shandong peninsula around the Yellow Sea, and at the Tumen river delta (Watanabe 1992). The formation of these economic impact regions in the northeast Asia has provided chances to the regional economies of Japan to participate. The best stance Japan can take is to decentralize the centralized power and allow regions facing the Yellow Sea or the Japan Sea such as Kyushu, Chugoku, Kansai, Hokuriku to take more active roles in them. In early 1990s the world economy is at slow growth, and the role of engines of growth for the world economy incline more and more to Japan and these growth regions in Asia.

5.2 The Choice Suggested

In conclusion, the choice we suggest is the (4) "shinto" method for hardware change, with adoption of (9) the chiho-sei for software reform, the power being allocated to the integrated and strengthened regional authorities. The "shinto" method provides a rather clearcut way to free the new capital from related interestes and conflicts, and it is among the least-cost methods to relocate the capital. The new regional

authorities shall levy their tax directly and transfer a portion to the central government. As a rule, firms and individuals have to pay around 15% for tax, and 10% to the regional government and 5% to the central.

To realize the suggestion as soon as possible, we call for new political parties driving for the diversification of power and resources to regions in order to improve the quality of life for everyone. Along the path of election their platform and policy proposals will be tested and strengthened by the participation of citizens.

Nevertheless, local regions or prefectures have to devise concepts to develop or to conserve their special qualities which cannot be found in the metropolitan regions. The future shall depend on the vision that their residents choose to have, and how the local authorities support and collaborate with them. That vision may relate more with cultural development, environmental conservation and living environment than with economic development.

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Notes

- 1) The opportunity cost is estimated by the NHK Broadcasting Cultural Institute in its survey on the time spending patterns of citizens (Economic Planning Agency (1991): *White Paper on Citizens' Living*, 141-143.)
- 2) The three groups of variables are given as follows: -
Variables for evaluating the residential condition are as follows: making use of assembly hall or community center; no big loss of income or property value even when consumer prices rise; each family member occupies a room; welfare service for families with the bedridden elderly or the handicapped; women can walk freely on roads and passages in the evening; free of environmental pollution; easy access to vocational schools which offer courses and

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diplomas ; convenience in using parks, sports ground facilities ; possibility to own a house when one strives hard ; treatment of garbage and sewage ; getting appropriate medical treatment ; adequate nursery facilities ; easy to obtain health counseling and guidance ; and good primary and high schools in the neighborhood.

Variables for the working condition are as follows : easy to get the leaves provided by the employment regulations ; easy to solve any labor dispute ; easy access to work place ; appropriate nature of job ; no fear of unemployment ; employment opportunities for the elderly and handicapped ; easy to change to preferred jobs ; adequacy of vocational training and job reference ; and comfortable work environment.

Variables for the free time are as follows : easy availability of assembly hall or community center ; easy to get the leaves ; easy to participate in sports clubs or interest groups in the community ; time is available for participating in community activities ; good opportunity to learn and develop hobbies ; and convenience in using parks, sports ground facilities.

- 3) "Teletopia" refers to the program incentive provided by the Ministry of Post and Telecommunication to certain local city or town for establishment and aggregation of two-directional CATV, Character & Pattern Telephone Access Information Network (CAPTAIN) system, information network system (INS) on their initiatives.

"Intelligent city" refers to the urban infrastructure development program provided by the Ministry of Construction to integrate development of advanced information and communication system and urban infrastructure facility such as optical fiber and CATV networks during urban development or redevelopment. For details, refer to Cheung 1991.

"Research core" programs are promoted by MITI, with subsidies or development loans provided for set-development of experimental centers, manpower training, exchange facilities, venture capital and incubator functions for local regions.

- 4) Visions for the relocation or dispersal of Tokyo's capital functions since 1950s are given as follows (Table 4) :—

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Table 4 : MAJOR VISIONS FOR RELOCATION OR DISPERSAL OF TOKYO'S CAPITAL FUNCTIONS SINCE 1950S

Vision	Proposer	Year	Contents
Proposal of New Tokyo Construction : Reclamation of Tokyo Bay	H. Kano (President of Housing Corp.)	1958	To reclaim and form land of 83,000 ha from the western Tokyo Bay, and then relocate the capital functions there.
Reform of the Capital Tokyo	E. Isomura (Professor, Tokyo Metropolitan University)	1960	To relocate the capital to the slope of Fujisan. And to build an urban corridor between Tokyo and the new capital location.
Tokyo Plan 1960	K. Tange (Associate Professor, Tokyo U.)	1961	To promote structural and physical reform of Tokyo, and to construct a waterfront city at Tokyo Bay.
Recommendation for Relocation of Capital Tokyo	K. Amano (Economic Planning Agency)	1961	To relocate the capital 100-200 kms from Tokyo and build a new one with 3 million population.
New Capital Construction Vision	I. Kono (Minister of Construction)	1964	To relocate the capital to the Hamana Lake. Ogaki and Toyohashi are given as possible sites for the new capital.
The New Capital	K. Ito (Aichi Gakugei U.)	1965	To build the new capital between Aichi and west Shizuoka. Relocation of a million population will be involved.
Vision of the 21st Century for the Nation	Study Group for 21st Century, Washeda U.	1972	To relocate the capital to Kitagami (nearby Morioka). Nagano and Suwa are also listed as candidate sites.
Chiho-cho Vision	Kansai Economic Federation	1982	To integrate the outpost-bureaus of MITI and Ministry of Transport at Kansai. And to start the chiho-sei with establishment of Kansai Chiho-cho.
YOU-AND-I Prefectural Plan	Saitama Prefecture	1986	To attract the Kanto Financial Bureau and some central administration functions to Saitama and Urakazu cities.
Proposal to the Fourth Comprehensive National Development Plan	Tohoku Economic Federation	1986	To establish the second set of meeting halls for the Diet at Sendai. Transfer of the judiciary function to Sendai too.
Vision for Kansai as the Cultural Capital Region	Kansai Economic Federation	1986	To relocate the Ministry of Education, Cultural Bureau, Bureau of Science & Technology, Technology Research Institute and other cultural offices to Kansai.
Vision for Tokyo Bay Cosmopolis	Promotion of Engineering Association	1987	To construct a man-made island of 10,000 hectares and relocate the capital there.
Emergent Proposal for Reforming Tokyo	Group 2025	1987	To construct a man-made island inside Tokyo Bay, and to disperse central government functions to regional cities, the Palace to Kyoto.
Vision for International Industrial Technology Capital	Chubu Economic Federation	1987	To relocate and construct the national research and experimental centers at Nagoya region, and to strengthen the international exchange function.
Study of the Relocation of Capital	Tokai Bank	1987	The economic analysis of relocation of the capital is analysed. Proposal is to set up the new capital at an existing city (Nagoya).

Source : Nippon Keizai Shimbun, September 28, 1987.

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