



## ~ Think Together about the Relocation of the Diet and Other Organizations ~

### Trends in the Diet

#### House of Councillors

In the meeting of the Special Committee on Relocation of the National Diet and Related Organizations of the House of Councillors (chaired by Mr. Soichiro Matsutani) held from one p.m. to two forty-five on April 23, a session for stating opinions as well as questions and answers was held, inviting Professor Hideo Fukui (the National Graduate Institute for Policy Studies) and Mr. Harumi Ichiki (Managing Director, Senior Chief Economist of the Sumitomo-Life Research Institute) as expert witnesses. The summaries of their opinions are described below.

Professor Hideo Fukui (the National Graduate Institute for Policy Studies) :

The relocation of the Diet and related organizations is not justified if it only corrects the monopolar concentration in Tokyo and augments the disaster response capability; the relocation must lead to reforming the overall national administration. If the relocation is not synchronized with the structural reforms of the national administration, the public benefits will not be greater than if Tokyo remains the capital.

The relocation also separates the sources of artificial concentration from Tokyo. It is expected to mitigate the structure of authoritative leadership and dependence by keeping a distance between government organizations and private organizations, and between the nation and regions. Relocating the central administrative management, liaison departments and bureaus responsible for public guidance services is particularly significant.

In the new city, a wide range of social experimentation is possible in the new systematic trials, including deregulation for land use and peak road pricing.

Mr. Harumi Ichiki (Managing Director, Senior Chief Economist of the Sumitomo-Life Research Institute) :

Japan's current economic and financial problems arise from asset deflation. (1) The fall of land prices and stock prices have devastated the financial system as banks created credit based on these prices. (2) Damaged balance sheets act as a disincentive on investment. Personal consumption also falls as people feel uncertainty about the social security system. Thus, demand deficiency becomes permanent. (3) In addition, general prices decline, due to globalization and worldwide technological innovation.

In order to stop this asset deflation, a new organization, which purchases all stock held by banks must be established, and banks must be insulated from the risks of stockholding. Drastic reforms of the social security system, which enable part of the system to be supported by taxpayer's money, must also be implemented, so that people can once again have a sense of security for the future. Then, 2-3% economic growth will be possible. When this is achieved, the relocation of the Diet and other organizations, a dream project, should be carried out.

\* The Capital Functions Relocation Planning Division of the Ministry of Land, Infrastructure and Transport (MLIT) wrote the above summaries of the opinions of Professor Fukui and Mr. Ichiki after listening to them speak in the meeting.

### A Lecture Meeting on the Relocation of the Diet and Other Organizations

Continued from the last issue, the lecture meeting described below was held at the Okinawa Harbor-view Hotel in Naha City on Sunday, March 16. The lecture meeting was held under the joint auspices of the Ryukyu Shimpo Newspaper Company and the Okinawa Times, and about 100 participants attended.

At the opening of the meeting, Professor Teruhiko Mochizuki of Tama University made the keynote speech, "Trends of the New Era and Regional Development of the 21st Century - Regional Vitalization will Change Japan", followed by the Tripartite Talk with Ms. Mitsuyo Kusano, a newscaster, who acted as the moderator, Professor Mochizuki and Mr. Toru Aizawa, the Director of the Capital Functions Relocation Planning Division of the Ministry of Land, Infrastructure and Transport.

Both the Ryukyu Shimpo and the Okinawa Times covered the lecture meeting on March 22.

The following is a description of the lecture meeting.

## Keynote Speech

"The Trends of the New Era and Regional Development of the 21st Century - Regional Vitalization will Change Japan"

Professor Teruhiko Mochizuki (Tama University)

Last year, I visited England to study regional development projects. There, two things impressed me deeply. One is the city pride that every citizen feels. Every citizen is proud of their own city. This provides energy for their cities. The second is their attitude of utilizing regional resources, like their cultural assets, as much as possible. For regional development in the 21st Century, it is essential to utilize our own resources to refine our own towns and cities with our pride, instead of simply pouring money in.

The political objective of the 21st Century is to become a happy nation, where everyone lives happily hand in hand with each other. The reason why nations aspire to becoming industrial or high technology nations is to achieve this political objective. It is important to discuss happiness. We should design our strategy for the future properly, building upon our own history. The important role for the national administration from now on will also be to think about regional vitality and co-existence with global society.

In addition, we need to develop a political system with the same sense as the citizens, which is close to them. My proposal on the relocation of the Diet and other organizations is to build a joyful political city. The concept is that everyone can become happy. The city to be built should convey an image of new politics, be inhabited by many people from all over the world, and contribute to the future of the world. For example, instead of building just the Diet, we could build a large museum of the history of politics using the concept of political tourism. Children could learn, with pleasure, about regional and political systems, using a facility for simulation and other facilities.

One gift Okinawa can give to the 21st Century is its history of creating peace through its culture, rather than its history of war, during which people craved for peace. Okinawa has plentiful hospitality, which heals people's minds: entertainment such as ryubu, Okinawan traditional dancing and attractive towns and cities, which fascinate people. Three industries, that all start with the letter "k", exchange tourism (koryu kanko), health (kenko) and life-style culture (kurashi no bunka), have prospects for growth in Okinawa. These industries contribute to the people's happy lives and thus are happiness industries. Okinawa can contribute to the world through creating happy islands. Okinawa is the most appropriate location to think about the future of the world and Japan.

In this era of information technology, the Diet does not have to stay in one location forever. At times, when the season is beautiful, the Diet could be held in Okinawa.

Urban happiness models in the world, where people live happily, are the most important, when we think about the relocation of the Diet and other organizations. We need to think from this perspective about how a nation or region should be.

Panel "All Think Together - The Relocation of the Diet and Other Organizations"

Participants : Professor Teruhiko Mochizuki (Tama University)

Ms. Mitsuyo Kusano (Newscaster)

Mr. Toru Aizawa (Director of the Capital Functions Relocation Planning Division, the Ministry of Land, Infrastructure and Transport)

**【Ms. Kusano】** The relocation of the Diet and other organizations requires a grand plan for the long-term future of Japan. Relocating the Diet, the highest organ of state power, and other organizations, is something each of us must seriously consider. I would like to ask what significance and impact the relocation will have, how it relates to our daily lives and the prospects given the current severe economic conditions.

**【Professor Mochizuki】** The biggest benefit of the relocation is that it will change the image of politics. Politics will be closer to the people. In Tokyo, many high-rise buildings are now built one after another and I sometimes wonder if we are really in a recession. Considering this, I think private organizations might be able to develop a new urban model. We should put the whole thing in perspective, when we think about this matter.

**【Ms. Kusano】** In recent years, more and more high-rise apartments and buildings are being built, and more and more people are moving into Tokyo. So, why is the relocation necessary now?

**【Mr. Aizawa】** The relocation of the Diet and other organizations targets a major shake-up of the overall national administration. It postulates economic and social modifications. So, we must consider it in a broader context. Another reason is correcting the monopolar concentration in Tokyo. We must pre-



Professor  
Teruhiko Mochizuki

pare for the possibility of an inland earthquake in Tokyo. If the capital functions are relocated, then the vacant sites could be used to revive Tokyo. The population in Tokyo peaked in 1987. Then, it turned downward in 1994 due to the collapse of the bubble economy, but it has recently started to increase rapidly again. Also, most information related companies and the head offices of many companies are located in Tokyo. If a person or company wants to deal with the entire Japanese nation, it is difficult to get their messages heard without being located in Tokyo.

**【Ms. Kusano】** Is it good that everything is so concentrated in Tokyo?

**【Professor Mochizuki】** The reason for the concentration is the economies of conglomeration. In this context, simply relocating some of the capital functions is not sufficient. We must analyze and examine which functions should be relocated.

**【Mr. Aizawa】** If we look at some of the major countries in the world, Russia, Korea and Japan are the only developed countries whose political capital is also the economic center. In Korea, President Roh Moo-hyun has hammered out his policy for relocating the capital and is starting development of the new city in five years.

**【Ms. Kusano】** With the current economic recession and gloom, it is about time for Japan to look for some change. If we look at regional towns and cities, many shops on their shopping streets have closed down. What can we do in order to revitalize those impoverished towns and cities?

**【Professor Mochizuki】** One example can be found in Nagahama City in Shiga Prefecture. The city is famous for kurokabe, black exterior walls. They have established a business model for regional development projects in which the citizens rose up as leaders, built partnerships between private organizations and government organizations and worked on activating the city. There are competent people, partnerships can be established and the city's business model is represented properly. Concerning the relocation of the Diet and other organizations, we must construct a good partnership between people and government.

**【Ms. Kusano】** How do you consider the future of regional development projects? How will regional towns and cities change as the result of the relocation of the Diet and other organizations?

**【Mr. Aizawa】** The relocation of the Diet and other organizations postulates a major shake-up of the Japanese system. Until now, most regional development projects only looked to Tokyo and followed plans indicated by Tokyo. I think this will change so that local people will develop their own towns and cities, taking responsibility and making the best use of their own uniqueness and characteristics.

The concept of the new city will be the construction of a model city, which will set an example for the world. The city will be equipped with the most-advanced and environment-conscious technologies. At the moment, the Diet is reviewing the concept of relocation. How to bring private organizations' power and knowledge into the development of the new city as much as possible, such as private finance initiatives and real estate securitization, is also being examined.

**【Professor Mochizuki】** I would like to add the aspect of human culture to the concepts of current cities. People's lives and downtown-like elements are essential for a city.

**【Ms. Kusano】** When the new city is completed, it will not be good if the city lacks a human atmosphere. How should the transplanted city and its suburban areas be extended?

**【Mr. Aizawa】** One draft proposal at the Council for the Relocation of the Diet and Other Organizations preserves nature as much as possible. It has the image of low-rise buildings standing in a forest. We must consider the human aspect as well.

**【Professor Mochizuki】** Let me take Naha City as an example. The city is very attractive with the miracle mile, which is called Kokusai Dori, and the labyrinth-like Makishi Public Market. There is the concept of town therapy, which says that attractive streets have healing effects on human minds.

**【Ms. Kusano】** Some people may think that there are not any merits for other cities, even if a new city is built and some capital functions are relocated. It may only mean our taxes are spent on constructing another crowded city.

**【Mr. Aizawa】** The major premise is reforming the overall national administration. By correcting the monopolar concentration to Tokyo, a new society will be achieved, where every region plays an active part in international competition and thoughts and ideas will emerge. This is another concept of the relocation.

**【Ms. Kusano】** Some people are critical of the relocation of the Diet and other organizations. They think it is a waste of money and suspect that the purpose of the relocation is to increase public works, which are decreasing recently.



Ms. Mitsuyo Kusano

【Ms. Aizawa】 The provisional estimate by the Council was for building a large city with a population of 560,000 in several decades. After that estimate, the House of Representatives' Research Bureau made another provisional estimate for a more compact plan, with a population of 156,000 and an area of 2,000 hectares. This plan would cost 4.7 trillion yen. In this estimate, taxpayers will pay 2.4 trillion yen. In addition, the Diet discussed a proposal of a dispersed decentralized capital, in which the capital functions are dispersed into two or three cities, such as a Diet city, an administrative city and a judiciary city. With this plan, the infrastructures of existing cities could be utilized, therefore saving costs. Concerning the increase in public works, the money required in the first decade will be 2.3 trillion yen, according to the Council's provisional estimate. This means 230 billion yen per year, which is about 2% of the total expenditure for public works. It depends on whether you consider this a large proportion or a small proportion of the total. As most-advanced and environment-conscious technologies will be brought into the city's construction, we can expect a positive impact on technological developments. So, this project is far beyond the usual construction projects.



【Ms. Kusano】 Will it trigger the vitalization of regional towns and cities?

【Professor Mochizuki】 We must make it happen. I think we should link small towns and cities with different characteristics, like a bunch of grapes, rather than hastily constructing a large city.

【Ms. Kusano】 I think that the relocation of the Diet and other organizations is not merely moving some capital functions to another place. We must be aware that we are building our own towns and cities. How will the people in Okinawa react to the relocation? What significance will it have to the people in Okinawa?

【Mr. Aizawa】 Local governments will start to look at various parts of the world, rather than only looking at Tokyo. For example, Okinawa, which is located within hailing distance of other Asian countries, may be able to see into its future, by thinking of its position in relationship to other Asian countries.

【Professor Mochizuki】 In terms of the relocation of the Diet and other organizations, Okinawa will be a model case. Okinawa should communicate their information to other parts of the world. Okinawa has the power to heal the human mind, and it has walkable cities. It is said that 21st Century will be the era of walkable cities. The new city should draw upon Okinawa's example.

【Ms. Kusano】 What do you think about the future of Japan? How are our prospects?

【Professor Mochizuki】 In the 21st Century, location will be a much more important concept. People will meet and relate with other people in locations such as their respective regions. Therefore, the cultures and climates of the regions are important matters. A new urban model must be developed, in which people can live happily and symbiotically. I expect the new city will be a good model.

【Mr. Aizawa】 Since the middle of the eighties, the circumstances surrounding Japan have been changing, but Japanese society couldn't stay in step with the changes. This might be one reason why the Japanese economy is flagging. We must review the Japanese system, with the relocation of the Diet and other organizations as a start. I would like to ask the audience to think about relocation as their own concern.

【Ms. Kusano】 In Japan, discussion often takes a long time, and then nothing is decided. It is important for all of us to pay attention to the discussion in the Diet, regard it as our own concern, and express our opinions wherever possible.

## Accessing Various Information

Various information concerning the capital functions relocation has been provided on the MLIT Homepage on the Internet. Please visit this web-site.

Also if you are interested in items in this leaflet and others, please let us know. We will pleasingly send related documents to you. We are awaiting your contact.

## We are Waiting for Your Contact

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