



## ~ Think Together about the Relocation of the National Diet and Related Organizations ~

### Trends in the Diet

#### The Inter-party Conference Committee of Both Houses on the Relocation of the Diet

The first meeting of the Inter-party Conference Committee of Both Houses on the Relocation of the Diet and Related Organizations was held on June 16. The Committee agreed as follows:

##### <Agreement>

1. Each house should elect a chairperson and a vice-chairperson and meetings should be chaired in turn by the chairpersons.
2. The subject of discussion should be how the Diet should decide about the Relocation.
3. The interim reports of the houses should be presented by the Secretariats at the next meeting, the schedule of which has not yet been decided.

#### Members of the Inter-party Conference Committee of Both Houses

##### <House of Representatives> 11 members

Chairperson	Mr. Shizuo Sato (LDP)
	Mr. Susumu Hasumi (LDP)
	Mr. Ryotaro Tanose (LDP)
	Mr. Hakubun Shimomura (LDP)
Vice-chairperson	Mr. Osamu Fujimura (DPJ)
	Mr. Koichiro Genba (DPJ)
	Mr. Hiroyoshi Nishi (NK)
	Mr. Yuzuru Tsuzuki (LP)
	Mr. Kenji Kodama (JCP)
	Mr. Fumihiro Himori (SDP)
	Mr. Yoichiro Esaki (NCP)

LDP: Liberal Democratic Party

DPJ: Democratic Party of Japan and Club of Independents

NK: New Komeito LP: Liberal Party JCP: Japanese Communist Party

SDP: Social Democratic Party NCP: New Conservative Party

##### <House of Councillors> 11 members

Chairperson	Mr. Tetsuo Kutsukake (LDP-NCP)
	Mr. Kensei Mizote (LDP-NCP)
	Mr. Shigenobu Saito (LDP-NCP)
	Mr. Yoshihiko Yamashita (LDP-NCP)
	Mr. Shinya Izumi (LDP-NCP)
Vice-chairperson	Mr. Yasuo Yamashita (DP)
	Mr. Kiyoshi Hasegawa (DP)
	Mr. Shuichi Kato (NK)
	Mr. Akira Koike (JCP)
	Mr. Sadao Hirano (PIC)
	Mr. Sadao Fuchigami (SDP)

LDP-NCP: Liberal Democratic Party-New Conservative Party

DP: The Democratic Party and The Shin-Ryokufukai NK: New Komeito

JCP: Japanese Communist Party PIC: Parliamentary Innovation Club

SDP: Social Democratic Party

### Lecture Meeting Held on the Relocation of the National Diet and Related Organizations

Continuing the lecture meetings described in the April and May issues, the lecture meeting described below was held at the Sapporo Korakuen Hotel in Chuo Ward in Sapporo on Tuesday, March 18. The lecture meeting was held under the joint auspices of the Hokkaido Shimbun Press and approximately 160 participants attended.

At the opening of the meeting, Professor Masahisa Fujita of the Institute of Economic Research, Kyoto University, made a speech, "Revitalization of Japan - from the perspective of The Spatial Economy", which was followed by the Tripartite Talk with Professor Fujita, Mr. Hiroshi Nitta, the Chief Editorial Writer at the Hokkaido Shimbun Press, and Mr. Toru Aizawa, the Director of the Capital Functions Relocation Planning Division of the Ministry of Land, Infrastructure and Transport.

The Hokkaido Shimbun Press covered the lecture meeting on March 25.

The following is a description of the lecture meeting.

## Keynote Speech

### "Revitalization of Japan - from the Perspective of The Spatial Economy"

Professor Masahisa Fujita (The Institute of Economic Research, Kyoto University)

- Since the real world is becoming more and more borderless and the significance of national borders is decreasing, conventional economics, which is segmented by urban, regional and international economics, is no longer capable of analyzing the real world. Therefore, I have been working, since the early nineties, to construct the new science of economics, The Spatial Economy, which consolidates geographical spaces, i.e. urban, regional, and international economics, from a higher standpoint.
- If economic growth is compared to making a large snowball, the essential part is making the core of the snowball. After World War II, taking advantage of the Korean War in the fifties, the core of Japan's manufacturing industry was built. Since then, the snowball has rolled down a steep slope. At first, the textile industry, then, heavy industries were developed. Mass-production, mass-consumption products, such as the so-called three holy durables, i.e. televisions, refrigerators and washing machine, were mass-produced and exported all over the world, and Japan saw rapid economic growth. The Japanese economy reached the first turning point in the early seventies with factors such as the oil shock and the floating exchange rate system. The Japanese economy, however, still had momentum then. The nation switched to the high-tech industry and managed to pull through the slump. In the eighties, Japan became a major economic power, second only to the U.S.A. The economic bubble, however, burst in the nineties. The Japanese economy has been trapped in a long slump since then. The snowball, the second largest economy in the world, is staying still on the floor of a valley. Why is the economy not able to come out of the slump?
- The reason is that the social and economic systems of Japan are not capable of coping with the new trends in the global economy system, which are the information revolution and the globalization of the world economy. The information revolution started in the late eighties and accelerated the globalization of the world economy. In order to break this deadlock and progress again as one of the major advanced nations, Japan has basically only one direction to move in. Innovation power, i.e. knowledge-creating power in a broad sense, must be increased to be competitive against the U.S.A. Japan must also keep producing products that are competitive against those of other countries. In order to achieve this, it is essential for Japan to completely and boldly reform the present social system.
- As part of reforming the system for the revitalization, I propose "Haio Soiki", which means "Abolition of the Center and Creation of Local Regions". The administrative power of the central government should be reduced in order to change the drift toward centralization in Tokyo. Lively regions, which are diversified and independent, as well as new industrial agglomerations, should also be created throughout Japan. It is important that the world-leading innovation power be nourished by agglomerations acting as cores and regions competing and cooperating with each other.
- Advanced nations of the 21st Century will become bases for knowledge-creating activities in a broad sense. Therefore, their creativity will be called into question. Homogeneous manpower will no longer be desired. Regions and education must also be diversified, but the centralization of administrative power and the concentration in Tokyo are acting as fetters.
- If only similar people gather together, nothing new will be created. A workforce from abroad, elderly people and women will play vital roles in revitalizing the society. How a region can get the most out of women's potential through positive policies will especially be a key factor in the competition between regions in the 21st Century.
- Finland, with a population approximately the same as Hokkaido, used to be on the edge of bankruptcy. In the last decade, however, the country changed into the second most competitive country in the world. This reform was achieved through a cooperative system between the universities and industry. The innovative power of the entire nation has been constructed around universities. There are many things we can learn from Finland's example. A system directly connected to the central government does not generate true potential. Hokkaido must connect itself directly with the world.
- Diversified cities and regions, as well as differentiated and diversified industrial agglomerations and clusters, must be created throughout Japan. Through competition between regions with such agglomerations and clusters acting as the cores, and through mobilizing the workforce throughout Japan and the world, Japan should evolve into a world-leading innovation base.



Tripartite TalkLet's Think Together about the Relocation of the National Diet and Related Organizations

Panel Professor Masahisa Fujita (The Institute of Economic Research, Kyoto University)

Mr. Hiroshi Nitta (Chief Editorial Writer at the Hokkaido Shimbun Press)

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

Mr. Nitta: The relocation of the National Diet and Related organizations is an important matter, which influences everyone's lives and futures. It demands we think about how we want to design our nation. We should especially consider this from the perspectives of the future of Japan in the 21st Century and the relationship between the central government and local regions.

Professor Fujita: As local governments have to rely on the central government for most of their fiscal resources, the local government's main task tends to be building connections with the central government. The potential of the regions is not exploited, and it is difficult for regions to be independent.

Mr. Nitta: Many countries have separate political and economic centers. Can you tell us about this?

Mr. Aizawa: The U.S.A. has Washington D.C. as the political city and New York as the economic city. In reality, however, there are several bases for economic activities throughout the U.S.A. with their diversified national structure. In addition to the U.S.A., there are also several countries that have separate political and economic centers. The capital of the Netherlands is Amsterdam, but its Parliament, government offices and Supreme Court are located in The Hague. Although Chile's capital is Santiago, the National Congress was relocated to Valparaiso several years ago in order to correct the over-concentration in the capital. Among major countries, Russia, Korea and Japan have their political and economic centers in one city. In Korea, however, President Roh Moo-hyun won his election on a pledge to relocate the capital from Seoul. He is selecting a site in the coming year and will be starting development of the new city in five years. It is a world trend to have political and economic centers separately as well as a diversified national structure with a well-balanced layout of cities.

Mr. Nitta: The verdict of the Deliberative Council for the Relocation of the National Diet and Related Organizations pointed out the merits of the relocation for reforming the overall national administration, correcting the monopolar concentration in Tokyo, and augmenting disaster response capability. What do you think of the present monopolar concentration in Tokyo?

Professor Fujita: It is good that Tokyo is becoming a nerve center of the world. In reality, however, Japan, which was the front-runner for economic growth in Asia until the eighties, is losing its power to lead all of Asia, the innovation power. This is because the monopolar concentration shuts off people's movement and decreases the diversity of people. In Tokyo today, movement has stopped. Only functions and the population are concentrated there, which is very bad.

Mr. Nitta: From the aspect of international competitive power, some people argue that there are advantages to having capital functions in Tokyo, where information and brains are highly concentrated. What do you think about this?

Mr. Aizawa: One of the problems concerning the monopolar concentration in Tokyo is the monopolar concentration of information. The present system requires information for all of Japan to always be transmitted via Tokyo. We must ascertain how the diversity of people's attitudes are affected when information and culture from Tokyo flood everywhere around Japan.

Professor Fujita: The fundamental for knowledge-creating activities is dialogue. Therefore, these activities tend to concentrate, and often over-concentrate, in one particular area where people live together. Still, there is no reason that all the major information activities in Japan have to gather together in Tokyo. In the U.S.A., for instance, information activities are not concentrated in one city, as in Tokyo. If we look at economic agglomerations, although it is true that New York is a huge city, only certain activities concentrate in the city such as stock-related companies and media firms. Chicago is the world's nerve center for the distribution economy. As for the IT industry, Silicon Valley is the center for micro processors, and the central Internet functions are located in Washington D.C. People's movements are also fluid, and the cyclical system assures diversity all the time.

Mr. Nitta: How would the relocation of the National Diet and Related organizations create diversified regions?

Mr. Aizawa: The major premise of the relocation is reforming the overall national administration. With the relocation as a trigger, a new relationship among politics, government, and private sectors must be constructed. Also, the conventional system must be drastically changed through decentralization and administrative reform. When the relocation is implemented, Tokyo, which now has all the functions concentrated in it, will become a city with relative significance instead of being the most important city. Then, each region will take responsibility to make the most of its merits, think hard, and compete with other regions. I think such rivalry between regions is desirable as the national structure.



Professor Masahisa Fujita



Mr. Hiroshi Nitta



Professor Fujita: In other words, it is "Haio Soiki (Abolition of the Center and Creation of Local Regions)". Reduce the power of the central government, create diversified regions, and have the open regions compete with each other, making the most of their assets. The relocation of the National Diet and Related organizations is worthwhile as part of constructing such a system. Some people may doubt if the regions are capable of such originality. The regions will reach their potential when they feel a sense of crisis. We should start this process or nothing will begin.

Mr. Nitta: It seems that the Diet is reviewing the conventional concepts and the policy on the relocation of the National Diet and Related organizations.

Mr. Aizawa: In October last year, the Secretariat of the House of Representatives turned in a report reviewing the concept of the relocation. The Diet is reviewing the concept, in line with the report, whether the relocation scale is too large and whether the capital functions can be dispersed in several cities, whereas the conventional concept assumed the relocation of all functions to one city. Discussions are now taking place, such as dispersing the capital functions into, for instance, a Diet city, an administrative city, and a judiciary city, or dispersing according to each function, and then connecting the cities with the most-advanced information communication technology.

Professor Fujita: I like the idea of the dispersed relocation because it allows people to circulate. In this age of advanced transportation and IT, actual distance is no longer a problem.

Mr. Nitta: What should the new capital city be like? Please tell us what the concept is at this stage.

Mr. Aizawa: The concept of the new city is a city with the most-advanced information technology, and at the same time, a city trailblazing in environmental conservation. The national project of the relocation will have a considerable ripple effect on information and environmental technologies.

Mr. Nitta: Given the severe economic problems Japan is facing now, how can the expenses for the relocation be financed?

Mr. Aizawa: According to the Council's provisional estimate, the relocation will require 2.3 trillion yen of the taxpayer's money in the first decade. This means 230 billion yen per year, which is approximately 2% of the total expenditures for public works. It depends on whether you consider this a large or small proportion of the total. Also, private finance initiatives (PFI), which bring private sectors' potential into the construction and operation of public facilities, and new financing methods, such as real estate securitization, are also being examined to see if they can contribute to cutting the costs even further.

Professor Fujita: If we do this at all, the city should be constructed with a bold concept, so that the relocation has impact on the snowball, which is now motionless on the floor of the valley, and encourages it to start rolling again. Today, people are concentrating in Tokyo despite the recession. I think this is extraordinary. We should pour substantial money into the relocation, so that it can encourage the ship, Japan, to float off of the sand and start sailing again. It will contribute to the nation's future over the long term.

Mr. Nitta: Local regions are concerned with the relocation of the National Diet and Related organizations because they want to know how the relocation can vitalize, or start vitalizing, local regions' activities including political, economic, and cultural activities. The relocation has potential to stimulate the vitalization and cultural diversity of local regions. Please comment on the diversities of local regions and the future of Hokkaido.

Professor Fujita: Hokkaido might be able to live quite well by connecting itself directly to Tokyo, but Hokkaido needs to start regarding itself as more or less independent in order to blossom internationally. At present, well-qualified people tend to flow toward Tokyo. It is especially important that Hokkaido absorb these human resources and make them work for the region's vitalization.

Mr. Aizawa: It is becoming difficult to bind the entire nation with one single standard established by Tokyo. In this age of global competition, various factors are emerging. Japan cannot survive on one single standard. It is important to seek comparative advantages by using the originality and production factors of the different regions, which is by finding the originality of each region and strengthening it. As Hokkaido has many resources, including the nature, I think the potential is huge.

Mr. Nitta: The correction of the monopolar concentration of political and economic activities in Tokyo is certainly a major problem, which politics must tackle. Also, the relocation of the National Diet and Related organizations is a major project, which will determine which direction Japan will steer toward. We, every one of us, are required to think about this matter.

## 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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