



Title	Improving the current administration's Local Revitalisation Policy : Promoting a recently co-authored publication
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Citation	年報 公共政策学, 13, 99-116
Issue Date	2019
Doc URL	<a href="http://hdl.handle.net/2115/74423">http://hdl.handle.net/2115/74423</a>
Type	bulletin (article)
File Information	13-08_Ronbun_Murakami.pdf



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# **Improving the current administration's Local Revitalisation Policy: Promoting a recently co-authored publication**

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## **1. Introduction**

In July 2018, Iwanami Shoten, Publishers released our co-authored book, *Improving the current administration's Local Revitalisation Policy (Chihou sousei wo koete: Korekara no chiiki seisaku)* (ISBN: 9784000238953). This paper reviews some responses to the book from colleagues in and out Hokkaido University Public Policy School (HOPS), based on discussions that took place at symposia from July to September 2018 after the book was published.

The Local Revitalisation Policy (LRP), launched by the Abe Administration in November 2014, announced that the entire government, under the Cabinet's leadership, would 'act...against recent rapid aging and drastic population decline by creating an autonomous, sustainable society, making the most of the regions' uniqueness and strength.'<sup>1)</sup> Almost all local governments respectively formed a Comprehensive Strategy for Local Revitalisation led by the Abe Administration, and the central government distributed a relatively small grant (around a trillion yen, equivalent to 10 billion euros or more), paid out over a period of 5 years, depending on the contents and 'ambitions' of each strategy<sup>2)</sup>.

In response to the newly launched regional policy, in 2016 we organised a research project at HOPS. The team consisted of 3 researchers (including myself) with different backgrounds and ages: (1) Project Professor Shuji Koiso, 70, who worked for the Japanese government (e.g. at the former National Land and Development Agency [NLDA] and the Hokkaido Development Agency) from the late 1970s to the 1990s and entered academia afterwards; (2) Professor Mikine Yamazaki, 51, a researcher of territorial politics and local government; and

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1) Prime Minister of Japan and his Cabinet ([https://www.kantei.go.jp/jp/headline/chihou\\_sousei/index.html](https://www.kantei.go.jp/jp/headline/chihou_sousei/index.html)).

2) Sometimes, such 'flattery' policies are meant to win votes for the upcoming elections of local governments and assemblies. The ambitions were only evaluated on the basis of the content of the strategies; there was no method for verifying the feasibility or effectiveness for local economic reform.

(3) myself, Dr. Yuichi Murakami, 37, a researcher of public administration and policy. We co-authored the book after reviewing current studies and documents on the LRP, interviewing and conducting surveys with practitioners and researchers related to the LRP, and discussing its political significance from the angles of our respective specialities. Following publication in July 2018, we arranged forums and symposia for more detailed discussions on the LRP and its future with colleagues, as well as for outreach purposes. The first symposium took place at Hokkaido University on 21<sup>st</sup> July<sup>3)</sup>; the second one was held at Kushiro Public University of Economics on 1<sup>st</sup> September, and the third happened at Fukuoka University on 8<sup>th</sup> September<sup>4)</sup>.

I first examine the book based on our oral presentations at the symposia. Then, each chapter is revisited on the basis of comments and discussions at the symposia. We asked Professor Shin-ei Takano, the Dean of HOPS; Mr. Hiroya Ebina, the mayor of the city of Kushiro; and Professor Kentaro Kanesaki of Kwansei Gakuin University to review our book. The paper ends by wrapping up the book's theoretical contributions based on the discussions, and addresses topics to be explored in future studies on the LRP and regional development.

## **2. The LRP in the past, present, and future**

### **2.1. A survey with practitioners and interpretation**

What has the LRP meant to local people and municipalities and villages in Japan? This is the original question of our research. We first surveyed the island of Hokkaido in October and November 2016, and in Ehime and Kagawa Prefectures on the island of Shikoku in September and October 2017 with practitioners of local government offices, who have been primarily in charge of drawing up the comprehensive strategy for the LRP. The results are sufficiently robust because we obtained replies from 190 local governments out of 216 (88%) in the abovementioned areas. The survey aimed to clarify practitioners' feelings towards the LRP, the challenges they face, their ways of co-operating with other governments, private actors, and citizens, their demands or proposals for future versions of the LRP, and related grants. We also directly interviewed practitioners from 10 or more municipalities to avoid ending up with a superficial interpretation of the questionnaires.

The survey revealed that the LRP pushed these municipalities – which did not make great efforts to prevent population decline – to become aware of the seriousness of the problem, as well as the need to launch a new policy. To put it more precisely, municipalities that

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3) The forum on 21st July at Hokkaido University, 'Frontier Research' in the Applied Sciences Building, was mainly sponsored by HOPS and the Hokkaido Development Association.

4) We had to amend a plan of the forum on 8th September at Fukuoka University because of the serious Hokkaido Eastern Iburu Earthquake (magnitude 6.7), which had struck in the early morning 2 days before. It left us with many other topics to address for disaster prevention and post-disaster management in Hokkaido.

understood the seriousness and the need, but had difficulties prioritising, were motivated to work on the new policy by the government-led LRP. On the other hand, the LRP did not drastically change the behaviour of municipalities that had fought against population decline up until that point. Rather, some municipalities viewed the LRP in the same way as other grants offered by the central government and dealt with the LRP in their routine work. The fact that LRP grants have become more difficult to use because of added conditions and more complex procedures for applicants, and that the government has begun intervening (even regarding the content of the strategy), irritated quite a few municipal officers, leading to near total exhaustion with the process. Hence, these were the outcomes of the 5-year LRP for local governments.

Although most (54.2%) municipalities said it has become easier to express their opinions to the central government, the majority (64.2%) feel that the central government's control of municipalities has become stronger. The LRP has the contradictory features of 'centralised' and 'de-centralised' policy<sup>5</sup>.

The LRP has something in common with Japan's post-war national development policy because all of its different versions share the same goal: to correct the population concentration in the Tokyo metropolitan area. Policies against population concentration in the capital can often be observed in other countries, like France after World War II (Cole & Paquier 2013: 70). The current LRP distributes many more grants to the Ministry of Health, Labour and Welfare (MHLW) to ensure a favourable environment (i.e., a 'soft' policy) for population growth than to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to increase public infrastructure (i.e., a 'hard' policy) as in post-war Japan, which originated with the NLDA. Although this fact needs to be taken into account, it is meaningful to examine the similarities and differences between the NLDA's post-war national development policy and the current LRP in order to evaluate the reality of the latter.

The former NLDA (i.e., the 'coordinator without authority') did not have enough authority to settle inter-ministerial disputes and coordinate the interests of related ministries such as the Ministry of Agriculture, Forestry and Fisheries (MAFF), the former Ministry of Construction, and the former Ministry of Transport. The authoritative Ministry of Finance (MOF) oversaw the national budget with a firm hand, preventing the waste of money that politicians, ministries and supporting interest groups caused. After ministerial reshuffling and reinforcing the functions of the Cabinet in the 1990s, the LRP began to be implemented by the Cabinet

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5) Chapter 2 (Koiso *et al.* 2018) explores the impacts and meaning of the LRP in Hokkaido and Shikoku. Although local officers find the LRP to reflect the local problem of sharp population decline, they conversely feel that the central government is in control, despite recent attempts at decentralisation.

Secretariat (CS). In this context, ad-hoc – but flexible – bureaus or forums are established. Bureaucrats from other ministries are assigned, playing an active role in policy planning, budget coordination with political advisers, and carrying out the present administration's policies under the Cabinet's strong leadership. The former Japanese 'plural' policymaking process consisted of a solid triangle of bureaucrats, politicians from the Liberal Democratic Party (which has a long history) and groups with vested interests, which have transformed in this sense.

The former NLDA bureaucrats – or rather, 'coordinators without authority' – enjoyed establishing their national development policy because they were able to evade political stress and did not question whether their plan was enacted. These days, the CS, with stronger authority under the Cabinet's leadership, seems very busy. Because of inter-ministerial budget coordination in the short period under the current administration which tends to jump to conclusions, the CS cannot afford to plan its national development policy, work on coordination, or devise a grand design for Japan's future. This difference demonstrates what we observe in the LRP: the central government prepares and distributes grants to municipalities and strictly controls their accountability. Local governments write their strategies, with concrete projects in mind, to fight population decline. The LRP ends up in the middle of inter-municipal competition because it lacks a genuine nationwide vision for re-allocating the population from the country's centre to rural zones.

In the former 'plural' political space, where authority was fragmented among actors (such as ministries), even local governments could involve themselves in national development policy in redundant political ways via governors, mayors, their representatives, or ministries' local branches. However, after government reform in the 1990s, the Cabinet leadership, ministerial restructuring, and devolution/decentralisation, a greater gap emerged between national policy planning or coordination by core executives, and practical policy operation and implementation by local governments (Murakami 2018). This is positive in the sense that without much difficulty the Cabinet can now promote policies that could not be previously carried out without the involvement of various vested interests. This is also negative in the sense that policies can be meaningless because of a lack of communication channels between policymakers and those who implement them to pursue a rational 'division of labour' and share the goals of the policies<sup>6)</sup>.

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6) Chapter 3 (Koiso *et al.* 2018) clarifies the similarities and differences between Japan's national development policy in the post-war period and the recent LRP. It places both policies in the context of coordination by the Cabinet and bureaucracy, which has recently been functionally enhanced through administrative reforms. It identifies the meanings and shortcomings of the LRP as a result of the political and administrative reforms in the 1990s, and presents a view of future policies under the current Cabinet leadership.

Three proposals (described below) could improve the LRP based on the viewpoints mentioned earlier. First, there is a difference concerning bureaucratic speciality between planning and coordination in the CS, and operation and implementation at the local level, the goal of all being to diminish distance. To this end, we should cultivate farsighted planners with deep knowledge of rural areas who are also able to build a national strategy that bridges the centre and periphery. Personnel exchanges between the public and private sectors or the centre and periphery can also be effective. Second, we should not support or be involved in flattery, or radical and narrow-sighted regional policies coordinated by a limited number of stakeholders who do not take responsibility for the outcomes. Although easier said than done, local governments should be wiser regarding ad-hoc 'carrot' policies offered by the central government. Third, the LRP resulted from government reform in the 1990s, and we should remain eager for prescient, flexible policies that are sustainable (versus spur-of-the-moment) for both the central and local governments. We can learn a lot from the current administration's LRP, which is a 'social experiment' that aims to deal with drastic population decline.

## 2.2. The dilemma of national development and local autonomy

The LRP promotes inter-municipal co-operation (IMC) in vain. Only 37.8% of all municipalities in Hokkaido said they have worked with neighbouring ones to develop their revitalisation strategies. As much as 65.4% did not change their behaviour after the LRP (Murakami *et al.* 2017).

It is useful to review the post-war history of IMC in Japan to understand central/local government relations, which are quite complex. IMC, as a horizontal partnership between cities and towns, can be observed from the angle of both local autonomy and national development policy in post-war Japan.

Local governments do not have good impressions of IMC. It is true that some practitioners praise 'the Settlement and Independence Area Plan' (SIAP) (*teiju jiritu ken koso*) advocated for by the Ministry of Internal Affairs and Communications (MIAC) because it enabled central cities and neighbouring towns to provide public services to residents through collaboration smoothly<sup>7)</sup>. However, SIAP is not the only solution; these public services have been provided not only by SIAP but also through voluntary co-operation between municipalities. The municipalities view the special allocation tax given to SIAP by the supervising ministry as not profitable enough. Furthermore, since many versions of the SIAP do not work after reaching formal (versus substantial) agreements, they believe that the goal should be to develop a

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7) SIA (*teiju jiritu ken*) is specified around a central city having a population of 50,000–100,000 people. Some policies are implemented so as to secure a minimum variety of urban functions necessary for daily living.

proposition for SIAP, such as reaching an alternative agreement or exchanging a memorandum of understanding.

While IMC yields scale merits regarding general theory, member governments barely obtain results. It is often difficult to facilitate communication and coordinate interests between central cities and neighbouring towns. In reality, some small municipalities of the same size more frequently co-operate than use the framework of the government-led SIAP or a special district authority (*ichibu jimu kumiai*). Voluntary IMCs between municipalities of approximately the same size surely generate more profits.

Japan's local autonomy policy in the post-war period emphasised the 'territorial' order of established prefectures, cities, and towns. In their respective territories, groups of residents formed self-contained orders that could be maintained by local politicians and administrations. To deal with the broader problems of regional policy – which individual municipalities cannot resolve – under this scheme, the former Ministry of Local Autonomy and the current MIAC promoted IMC by adding the 'functional' principle to territorial order.

Government-led IMC contains both the 'territorial' principle (originating in local autonomy) and the 'functional' principle of each ministry. Here, we face a complicated question in post-war history: the reconciliation of these incompatible principles, and IMC as a last resort.

On the one hand, national development policy sees the homeland as a continuous space by using the functional principle to establish proper order for Japan as a whole. It does not constrain itself to a territorial way of thinking, like the idea of local governments as sub-units of the state. It distributes policy resources on the basis of its general view and works on domestic, socio-economic factors to attain its policy goals, the goal being to improve the overall status of the homeland appropriately. On the other hand, local autonomy policy aims to establish territorial order in prefectures, cities, and towns. Their governors, mayors, and local councillors are elected in their respective territories, by which the order gains political legitimacy.

Our survey and interview results showed that through coordination between cities and neighbouring towns, IMC is more difficult and costlier to carry out than expected. This is because the costs of coordinating interests and participation are much higher than the potential benefits.

We observed inter-municipal competition everywhere. Yet while some successful IMC projects revitalise regional economies and compete with each other to win resources from outside the region (e.g., government grants, recruiting private companies, and convincing people to move to the region), some municipalities face difficulties in solving regional policy problems and decreasing the pace of population decline. How should the central government

and prefectures lend a hand to municipalities that cannot keep up with others? The solution can be a rational fusion of horizontal partnerships with neighbouring municipalities, and vertical partnerships with the central government and prefectures.

Our future agenda (both for the nation and for the current project) entails reconciling the functional and territorial principles at the level of local governance and improving IMC by reducing the cost of bringing municipalities together<sup>8)</sup>.

### 2.3. A new paradigm for regional policy

The term 'local revitalisation' refers to policies that make rural areas more active. It has become very popular. After participating as a political adviser, Project Professor Koiso declared that the LRP reveals many steps the central government could take to halt population's decline, such as transferring the political, administrative, and judicial functions of the capital and political measures to increase the birth rate. We should convey to the central government the need for a well-designed family policy and childcare support<sup>9)</sup>. A new paradigm for regional policy is discussed below, based on three angles.

First, we should focus on the relationships between the metropolis and rural municipalities. It is important to remember that the post-war national development policy was born from a fight against inequality between districts. According to the analysis of the regional production inducement coefficient based on the input-output table from Koiso *et al.* (2018), there is a structure that concentrates money in the Kanto region, including Tokyo. In contrast to 96% for the Hokkaido district and 82% for the Shikoku district, the Kanto district amounts to 518%. This inequality has become greater in recent times. Regional policy – not to mention the LRP – should have been formed with an understanding of the abovementioned preconditions and the mechanisms that concentrate money and popularity in the metropolis. As it is difficult for the central government to be aware of this reality, local governments and citizens should speak out together towards the centre. The National Governors' Association (*zenkoku chijikai*) and related associations (*chihou roku dantai*), which are guaranteed by law to negotiate directly with the central government, are expected to help with communication.

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- 8) In chapter 4 (Koiso *et al.* 2018), Professor Yamazaki explains how the post-war policy for local governments has basically been implemented territorially, in contrast to the functional execution of national development policy. However, they both focus on inter-governmental co-operation in neighbourhoods, based on the principle of centralising management authority and scale merits. He investigates Japan's history regarding these policies and the relationships between the central and local governments.
- 9) In chapter 1 (Koiso *et al.* 2018), Project Professor Koiso presents the views of local officers involved in the LRP, paying attention to post-war regional development. He examines the relationships between urban and regional areas, the central and local governments, and public and private actors.

Tokyo has a unique industry of ‘company head offices,’ the second largest compared to the service industry. The presence of the head office generates a huge currency flow into the area. This structure determines the abundance of the Tokyo metropolitan area.

Higher education policy in Japan, for example, lacks a perspective on regional policy. In the past 15 years, Tokyo has accumulated 26% or more of all college students in Japan, even though they comprise just 10.6% of the general population. It is rare for a member country of the Organisation for Economic Co-operation and Development (OECD) to have its higher education population concentrated in the capital in this way. This is because private universities make up about 80% of all universities in Japan, and higher education policy has relied too much on market mechanisms thus far. We need also to consider higher education when we think about the relations between the metropolis and rural zones.

Furthermore, centre/periphery and public/private relationships are mentioned in this book<sup>10)</sup>. In reviewing Japan’s history of centre/periphery relations, I cannot help but remember my experience with Hokkaido Special Regional Zone (*doshusei tokku*) as a valuable lesson for future decentralisation<sup>11)</sup>. We have to design a wiser strategy for decentralisation by letting the central government delegate its legal authority to municipalities. France’s DATAR (Délégation interministérielle à l’Aménagement du Territoire et à l’Attractivité Régionale) is a good example<sup>12)</sup>.

Concerning public/private relations, we should rationally utilise market mechanisms to revitalise the economy and to create jobs, with contributions from private companies. The original national and regional development policies aimed to solve problems resulting from the market failure. Regional policy should be underpinned by the correct understanding of economic mechanisms and an incentives structure. Japan’s history of public/private partnerships stems from privatisation in the 1980s; there have been many trials and errors regarding the Private Finance Initiative (PFI) and concessional schemes. A new concession scheme is being designed to manage local airports in Hokkaido. Trust in mutual and beneficial public/private relations is mostly valued in the ongoing process of designing a concession scheme.

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10) In chapter 5 (Koiso *et al.* 2018), Project Professor Koiso discusses future policies to combat sharp population decline and rapid aging. He proposes national development policies that blend with the needs of modern society and the economy, pointing out a discontinuity between policy knowledge and techniques developed during post-war planning.

11) It is worth reconsidering the Special Zone (*tokku*). It enables a certain area to deregulate – or be exempted from – existing legal regulations based on local ideas, strategies, and skills. The ‘social experiment’ can find ‘a little leak’ that will sink a great ship.

12) DATAR, created in 1963 by the Pompidou Administration, carried out decisions of the CIADT (Comité Interministériel d’Aménagement et de Développement du Territoire). It handed over its missions to the CGET (Commissariat Général à l’Égalité des Territoires) in 2009.

### **3. Nationwide planning, public policy, and the post-construction trend**

#### **3.1. Comments and questions**

The LRP can be evaluated as a typical policy in the current post-industrial times. For a good comparison with the industrial era of mass production in the 1960s and 1970s, we have been experiencing a society of multiple and variable production since the 1980s. The post-industrial period indicates that the former capitalist/labour antagonism has transformed into a contrast between 'overall managers of information technology' versus the 'masses', that the service industry has taken over the former manufacturing industry, and that non-standardisation exceeds standardisation. Investment in public infrastructure – on which Professor Takano has worked for many years as a practitioner and researcher – is no exception; let us call this time the 'post-construction' era. In the 'post-construction' period, we should see relations not only between clients and construction companies but also between 'overall managers of information technology' and 'citizens,' which leads to a society of multiple and variable production.

In the industrial era, public money flowed downwards from the government via the framework of the former 5-year National Development Plan. However, in post-construction times, the flow moved upward. Thus, we have to change our thinking from product-oriented to market-oriented. In the industrial period of high economic growth, all municipalities, as sub-units of the state, were similar, which enabled the central government to build 'hard' public infrastructure quite efficiently, with a single standard and rather simple tools. Now, municipalities have become like independent decision-making units (DMUs) similar to private companies, so that they pursue profits in whatever way they think they should.

Professor Takano concluded that the 'post-construction era' led to the development of the LRP. It is true that the central government has lost its ability to make policy efficiently, but the new era is in need of originality and ingenuity from municipalities. The book (2.1) explains inter-governmental relationships in terms of organisational analysis, and (2.2) implies that municipalities should work with their neighbours, not only on economic policy but also on welfare policy. The book (2.3) questions what the central government should do in this new 'post-construction' period. Although as DMUs municipalities should compete with each other, the central government should prepare conditions for proper competition. Hence, what conditions are needed to overcome natural differences between regions? What encourages other stakeholders (such as private companies) to foster public interest? These topics should be discussed for future versions of the LRP and regional policy.

#### **3.2. Discussion**

In contrast to the post-war national development policy, which has mainly focused on

building ‘hard’ public infrastructure, the LRP seems to emphasise ‘soft’ infrastructure (social security and welfare) partly due to the emergence of the ‘post-construction’ era, as well as according to how the budget is distributed. Since the LRP is a ‘social experiment’ supported by just a few trillion yen, we must recognise that the central government has many obligations yet to fulfil. These include: (1) forming a grand design or establishing a resource redistribution system (e.g., taxes, grants) and creating appropriate political institutions for rational and sustainable policy decision-making; (2) establishing a nationwide welfare policy (e.g. family policy and childcare support) to raise the birth rate (in comparison to other OECD countries); and (3) setting up the conditions for proper competition between governments or public/private actors. This third obligation enables municipalities or others in a poorly managed environment to participate in the competition, which can afford to take care of the losing municipalities in the inter-governmental competition. Some liberal local governments led the way in terms of welfare policy in the 1970s; the central government has since taken it over. Regional policy problems include broader areas (like sightseeing) and need horizontal collaboration, while functionally extending policy issues (like education) require vertical collaboration. A better ‘division of labour’ among regional policy problems and functional policy-extending issues has yet to be formed.

The post-industrial, market-oriented era of multiple and variable production demands the participation of citizens or consumers of public policy. Although the government-led LRP asked local governments to create a revitalisation strategy to collaborate with private companies, academia, banks, labour unions, and local media, there was no time to do so; 35.8% of all municipalities in Hokkaido and Shikoku did not change their behaviour regarding participation (Murakami 2018). This is partly due to a structure where there is no political cleavage as before, but we must make an effort to promote stakeholder participation in local governance, especially among citizens.

It is often believed that there are not many jobs in rural areas, but in reality, they have lacked human resources during the recent economic boom<sup>13)</sup>. Rural zones need employment-matching policies that connect job seekers and employers. An employment coordination policy has been undertaken by the public employment security office (*haro wa-ku*) or the MHLW branch. Although there was some delegation of job-matching authority to municipalities, it has not led to good policy outcomes, partly due to local governments’ lack of willpower, as they are not very concerned about employment matching policies. Since employment policies generally are not carried out in a particular closed region, there are some missions for wider

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13) An expert committee in the Cabinet Office verified in December 2018 that economic enhancement, which began in December 2012, lasted for 57 months, exceeding the record of the third longest ‘Izanagi Economic Boom’, which lasted from 1965–1970.

IMC, prefectures, or the central government to carry out. This is also very important for regional policy, which is discussed in this paper.

#### **4. LRP in theory and practice**

##### **4.1. Comments and questions**

Kushiro, a city with a population of about 170,000 people, in the eastern part of Hokkaido, has also been experiencing a sharp population decline because young people tend to head to Sapporo and Tokyo after finishing high school. Following its economic boom in the coal mining and fishing industries, which lasted until the 1970s, local industries grew short of workforce, which weakened community ties and shrank industrial productivity. The municipal office made an effort to correct these policy problems.

Kushiro's local revitalisation strategy states that the city office will work on 'urban management' issues such as fiscal consolidation, administrative reform, and promotion of money circulation. A key concept of Kushiro's strategy is 'public/private linkage in the region'; the city office stimulates public/private partnerships in Kushiro and works to increase their value and attractiveness in order to boost the regional economy. The mayor, Mr. Hiroya Ebina, in front of approximately 70 participants, stressed that the city has been working hard on the sightseeing policy based on 'public/private linkage in the region'; this will surely have a significant ripple effect, not only for accommodations and transportation but also in fishing and other industries<sup>14</sup>.

##### **4.2. Discussion**

Kushiro's strategy is a prime example because the city utilises its college of economics with 350 students a year, its financial resources of a tax on spa users, its welfare policy (like well-designed public assistance), and its sightseeing policy, accompanied by the concept of 'linkage.' Since the LRP budget has been distributed much more to MHLW policies in Japan, Kushiro, which has good outcomes regarding welfare policy, should convey its experience to the central and other local governments. For example, their personnel exchange between the city office and local banks is ambitious.

As for its sightseeing policy (which the central government has also been focusing on recently), Kushiro should evaluate policy outcomes and create a future vision for 2025 or 2030. It is important for the city office to manage 'linkage' skilfully to allow private actors to contribute to the policy of their own free will because there could be some unfavourable cases where such partnerships end in superficial co-operation with a heavy workload. Partnerships

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14) The event was also reported in the Hokkaido Construction Newspaper on 4th and 14th September, respectively.

are parallel to the transformation towards the ‘post-construction’ era (3.1.), where policy should pursue quality, not quantity.

New policy ideas such as the ‘sharing economy’ and educational partnerships were also proposed at the forum on 1<sup>st</sup> September. The former refers to a social system where people share and exchange goods (e.g., a car, a guesthouse) or services (e.g., babysitting) using a social media network. The latter can help people who left Kushiro for higher education or to find a job when they return, because such education in the early days of a person’s youth leads to an emotional attachment to their hometown. Mr. Ebina must be encouraged by these suggestions; some former residents may hope to contribute to their beloved Kushiro.

## **5. The LRP in centre/local government relations**

### **5.1. Comments and questions**

Professor Kanasaki agreed that the LRP has features of both a centralised and a decentralised policy, as written in the book (2.1.). Since a similar survey is also being conducted in the Kinki region (including Osaka), he questioned the ‘pros and cons’ of the research method for surveys with local practitioners, and the major findings in Hokkaido and Shikoku. Secondly, the book, which analyses the LRP in a framework of public administration study (e.g., administrative organisations and personnel), views competitive grants as a successful technique to survive periods of low growth and tight budgets. On the other hand, the book warns that local governments should not be too enthusiastic regarding narrow-sighted, unsustainable policies, and should make smarter moves in terms of taking advantage of future versions of the LRP. However, in theory, competitive grants under Japan’s single-year budget principle and a farsighted, sustainable policy are incompatible with each other.

IMC is such a timely topic that MIAC, under the leadership of the ex-minister Ms. Seiko Noda, recently announced that the ministry would work on it again until 2040 in order to rebuild centre/local relations, in addition to the LRP. Professor Kanasaki agreed that the central government had controlled recent IMC projects, although such co-operation should fundamentally be based on a voluntary agreement between municipalities (2.2.). Municipal mergers in the 1990s and 2000s are another example of firm government control. The more sharply the population declines as a whole in Japan, the more necessary a regional policy based on the functional principle becomes to produce a result that does not stick to territorial order. While self-contained strategies created by local governments should be respected, what should we do in practice to implement such a collaborative regional policy between the central and local governments? Does government control not become necessary under such circumstances?

In the book, regional policy is defined as a collaborative measure taken by the central and

local governments. Although the book proposes that their 'division of labour' should be improved according to the political environment, public agendas and what people want for the government, it also implies that there are some policies that the central government should be in charge of – such as national development (e.g., a nationwide policy to make public infrastructure resilient or *kokudo kyojinka*) and population policy – which are not appropriate or too challenging for municipalities (2.3.). On the other hand, the book states that the LRP, consisting of both national development and population policy, should leave more political and administrative discretion to local governments. That is, the central government, which is no longer very interested in regional policy, should not guide local governments on what to write for their strategy or how to apply for grants (like the LRP). Professor Kanasaki asked us, the co-authors, to show the criteria for the 'division of labour' for future regional policy between the central and local governments.

## 5.2. Discussion

The anonymous survey hopefully clarifies what the people in charge of creating strategies in local governments genuinely feel about the LRP. As it is the first and the most comprehensive survey conducted in as many as 210 municipalities (12.6% of all municipalities in Japan), the results provide evidence for analysing the LRP as a 'social experiment.' For example, local officers feel it has become easier to express their opinions to the central government, because their strategy was sent directly to the government (not via prefectures or other associations), the CS answered them individually, and some successful policies were incorporated into national policy and the Local Revitalisation Policy Case Book (*chihou sousei jireishu*)<sup>15)</sup>. The lessons are the following: (1) provide an incentives structure for municipalities to work together against population decline; (2) assist with applying for grants; and (3) assess policy outcomes (e.g., key performance indicators). Hence, another survey or analysis to determine the policy impacts and outcomes of the LRP has yet to be conducted. The next research agenda can include topics such as: (1) whether grants have been distributed to municipalities in need; (2) whether grants have been spent effectively for local revitalisation; and (3) whether the LRP has truly decreased the pace of population decline in certain areas or boosted economic revitalisation. Competitive grants are frequently used in research and development and higher education. When it comes to the need for 'selection and concentration,' in an age of low growth and tight budgets, competitive grants of relatively small amounts can be an alternative policy to avoid 'bad' formal equality or a moral hazard (grants that are poured into municipalities not based on their effort towards revitalisation but

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15) Prime Minister of Japan and his Cabinet (<https://www.kantei.go.jp/jp/singi/sousei/data/case.html>).

according to superficial traits such as area or population, often allowing a government-supported ‘free ride’) according to which it is necessary to care for the losing municipalities who are not ‘selected’ in the competition (that is, welfare policy as a ‘national minimum’). While the Japanese single-year budget principle and a sustainable regional policy are incompatible, the problem with the short-sighted LRP is caused by short-term inter-ministerial budget conflicts while a ‘policy window’ is open. Regional policy should be based not only on budget coordination like the LRP but also on a farsighted, grand design of robust planning to re-allocate the population.

On the basis of the functional principle, the central government is supposed to work on homeland preservation, environmental management, and cash benefits for social security. Meanwhile, local governments, based on the territorial principle, are in charge of human services like education and welfare, as well as regional promotion. IMC is useful for the latter, and also for regional policies like sightseeing and public transport. However, IMC in the LRP faces some difficulties: (1) the functional and territorial principles are incompatible; (2) municipalities are forced to compete to gain permanent residents, tourists, and private companies that pay taxes; and (3) the cost of reaching agreements with neighbouring municipalities and actually managing to participate in the agreements is higher than the benefits of co-operating, so they cannot have a positive attitude towards it. Some successful cases imply that prefectures or central cities should take on coordination costs and share the benefits with all participants, as in some existing cases (Murakami *et al.* 2018).

The central government is expected to take responsibility for effective policy measures to raise the birth rate. In its manifesto (*machi hito shigoto sousei chouki bijon*)<sup>16)</sup>, the government cites the successful French case in order to work hard against population decline, but its efforts thus far have not been adequate. Putting this manifesto into practice to recover the birth rate and re-allocate population will encourage local governments. Concerning centre/periphery collaborative regional policy, the central government should develop a public plan for the homeland and create strategies to realise it. Yet local policies like urban policy, regional transport, and urban growth should be kept away from state intervention, and local governments should be in charge instead. Unfortunately, we observed many government interventions in the LRP. Project Professor Koiso stressed that a bolder form of decentralisation has to be sought after to establish a better ‘division of labour’ between the central and local governments. Furthermore, the Special Regional Zone (*doshusei tokku*) – which incorporates existing prefectures and the Special Regional Zone, is competent enough to take over some responsibilities from the government. This is a promising policy alternative.

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16) Prime Minister of Japan and his Cabinet (<https://www.kantei.go.jp/jp/singi/sousei/pdf/20141227siryou3.pdf>).

This reform may accelerate delegation to local governments. Subsequently, important missions that the central government must fulfil are recognised; besides well-known missions like diplomacy and defence, there are nationwide economic/welfare planning and the creation of a picture of development that is appropriate for contemporary needs<sup>17)</sup>. The LRP has made us recognise the significance of a proper 'division of labour' between governments again.

## **6. Conclusion**

### **6.1. Wrap-up**

In this paper, I reviewed responses from researchers and practitioners for our co-authored book on the recent LRP, based on discussions at symposia held after publication. The discussion at Hokkaido University focused on a macro trend in the 'post-construction' era, accompanied by transitions towards a 'soft' social infrastructure, citizen participation and decentralisation to municipalities as DMUs. The exchange of opinions with the city's mayor at Kushiro Public University of Economics was meaningful because it allowed us to examine our research from the opposing perspectives of theory/practice, centre/periphery and past/present/future. The forum at Fukuoka University provided us with a future vision for our study: How can policy proposals asserted in the book be put into practice? Comments from related researchers and practitioners undoubtedly propelled our findings forward.

Points of discussion include: (1) the 'division of labour' between the central and local governments in terms of regional policy and balancing local autonomy and government leadership; (2) a sustainable method for regional revitalisation under the current policy decision-making system; and (3) reconciling the incompatible functional and territorial principles, and a way to promote voluntary inter-municipal co-operation.

### **6.2. Theoretical contributions**

The co-authored book is a pioneer in research on the newly-launched LRP because of (1) its use of direct survey with practitioners from more than 10% of all municipalities in Japan, and interviews to obtain their direct opinions (the results were synthesised); (2) Hokkaido and Shikoku, which have been experiencing very sharp population declines (and which are, so to speak, miniature versions of Japan's future with a population imbalance); and (3) the collaborative study of researchers with different backgrounds and ages.

The book empirically clarifies that the LRP has once again questioned population

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17) The central government may need to regulate land use more than it does now because, as Chapter 3 (Koiso *et al.* 2018) points out, deregulation in 2002 under the Koizumi Administration tempted some universities and factories to relocate their campuses and facilities back to metropolitan areas. To a large extent, this seems to have drawn young people from rural areas.

imbalance in Japan – overpopulation in metropolitan areas and a sharp decline in rural zones – but the LRP partly contradicts the decentralisation, deregulation, and privatisation that Japan has promoted in recent decades. The book identifies themes in whose context the LRP can be reconsidered, such as improving the roles of the central and local governments, political leadership, and local autonomy, as mentioned in the chapters above.

### **6.3. Future studies**

Some practitioners expect the LRP to continue in the next 5 years, according to their interviews. It may transform into something closer to a farsighted policy, but the next LRP should largely be improved by referring to lessons learned. Scientific research should not be satisfied by suggesting policy proposals based only on theory; it should also analyse their feasibility and the conditions necessary to realise them with practical considerations in mind. Causes or structural factors by which the central government still acts paternalistically towards local governments need to be clarified in order to enhance regional policy in general.

Thus, it is necessary to assess the impact of decentralisation in order to think about future relations between the central and local governments and public and private actors. In a decentralised world, what would the roles of the governor, the mayor, and local councillors look like? Pinson (2010) pointed out that such officials were formerly encouraged to have strong connections with the central government in France, but the governor, mayor, and local councillors now need the necessary skills to build policy networks in local areas. Murakami (2017) stated that in a decentralised world, local councillors would have a somewhat new role in terms of ‘autonomous administration’, ‘government control’, and ‘inhabitant representation.’

Furthermore, what would an inter-governmental ‘division of labour’ look like? After a bold devolution, incompetent municipalities would have to co-operate with their neighbours, prefecture or the central government to ensure the smooth continuity of residents’ everyday lives. To guarantee their ‘national minimum’ or conditions for proper economic competition, upper governments like prefectures and the central government may have to lend each other a hand. Such a mix of horizontal and vertical intergovernmental collaboration – or so to speak, ‘mottled’ inter-governmental relations – will improve governability as a whole. As a result, decentralisation will proceed even further. Causal stories in between should also be examined.

### **Acknowledgments**

This research received support from the Japan Society for the Promotion of Science (JSPS), KAKAHENI, Grant-in-Aid for Young Scientists (B) under the title ‘Multi-level governance, public interest and the causal stories in between’ (No. 17K13666), the Fund for the Promotion of Joint International Research under the title of ‘A comparative study of multi-level

regulatory governance in Japan, France and Europe' (No. 17KK0039), and some related funds. I would like to thank all the co-authors of the book, my colleagues and commentators – Professor Takano, Mr. Ebina, Professor Kenji Nakamura (Kushiro Public University of Economics), Professor Kanesaki, Professor Gilles Pinson and Professor Andy Smith (Sciences Po Bordeaux) – for their productive and informative comments. I also appreciate the dedicated support from the Hokkaido Development Association, our reliable secretaries Ms. Manami Sekiguchi and Ms. Midori Tanaka, Ms. Noriko Fujita of Iwanami Shoten, Publishers, and the conference participants for their meaningful discussions regarding the book.

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# **Improving the current administration's Local Revitalisation Policy: Promoting a recently co-authored publication**

**MURAKAMI Yuichi**

## **Abstract**

This paper reviews responses to the co-authored book *Improving the current administration's Local Revitalisation Policy* (ISBN: 9784000238953) from researchers and practitioners in and out of Hokkaido University Public Policy School (HOPS), as well as discussions that took place at symposia at Hokkaido University, Kushiro Public University of Economics and Fukuoka University following publication. The main points are: (1) a 'division of labour' between the central and local governments in terms of regional policy, as well as balancing local autonomy and government leadership; (2) a sustainable method for regional revitalisation under the current policy decision-making system; and (3) reconciling the incompatible functional and territorial principles, as well as a way to promote voluntary inter-municipal co-operation.

## **Keywords**

Local Revitalisation Policy, inter-governmental relations, regional policy, population decline, sustainability