

The Optimal City Size of Tokyo

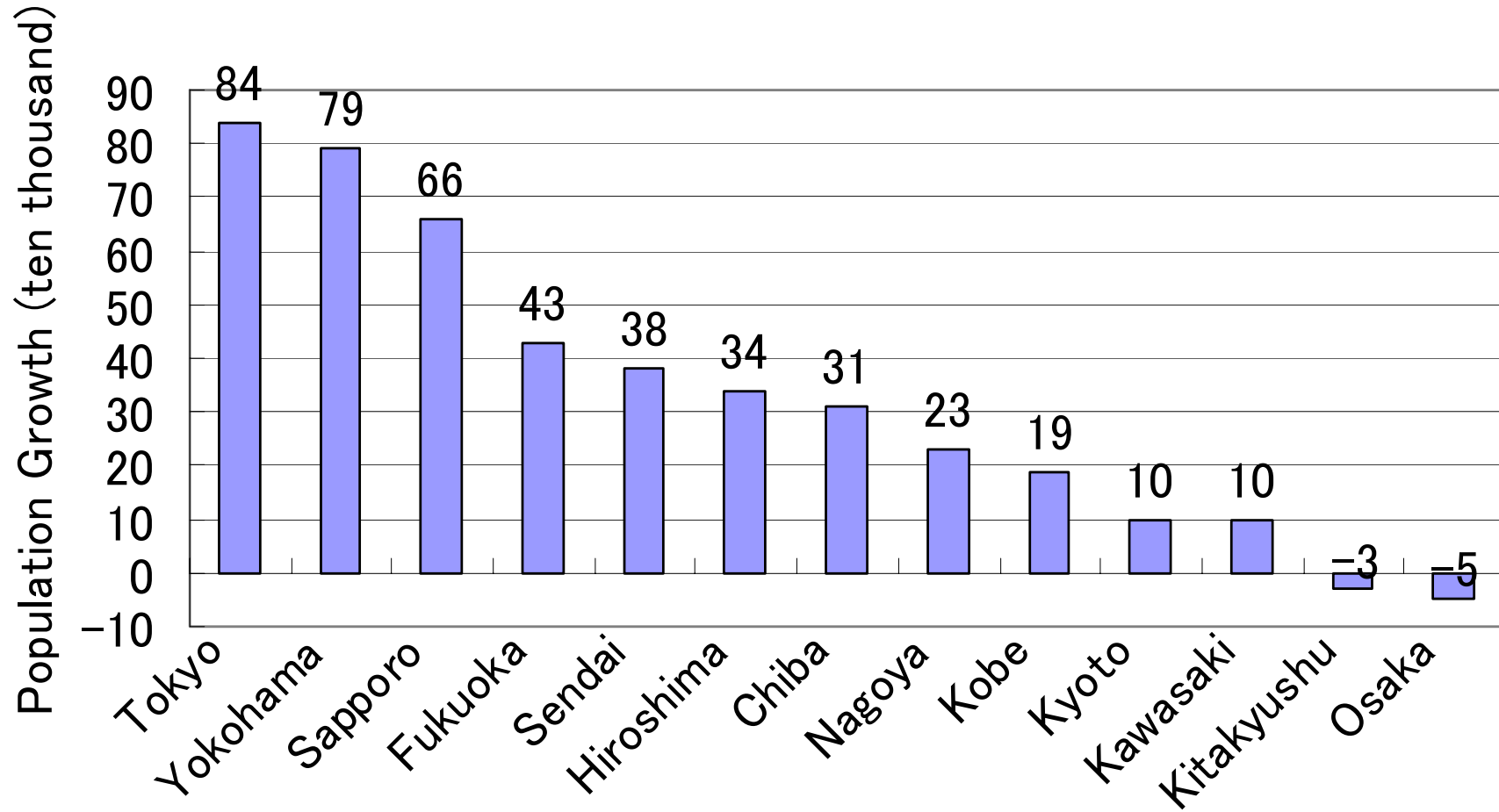
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1. Why Did Tokyo Grow?

- (1) Tokyo grew just as other large cities.
- (2) Corporate headquarters were relocated from Osaka to Tokyo
- (3) Benefits of Agglomeration Economies
--- Importance of Face-to-Face Contact

Daytime Population Growth of Major Cities (1965–1990)



2. The National Capital Factor

Companies locate headquarters in Tokyo not because Tokyo is the national capital.

(1) Surveys.

(2) The Hatta-Ueda-Karato evidence.

“Estimation of Agglomeration Economies—
Is Tokyo Unique?”

3. Demerits of Agglomeration

- Land price increase?
- Traffic congestion.

4. Countermeasures against Commuter Congestion

1. The first best: Peak Load Pricing
2. The second best: Regulation of Floor Area Ratio
 - (a) Penalty on the off-peak use of trains
 - (b) Penalty on Storehouses or Server Stations in CBD
 - (c) Penalty on Urban Residence in CBD

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5. Countermeasures against Congestion: Autos

- (i) Road Pricing a la London
- (ii) Strict Enforcement of Parking Regulations during the Day Time
- (iii) Taxing at Exit of Parking Places during the Peak Hour
- (iv) Provision of Subsidized Frequent Bus Service in Downtown

6. Cost and Benefit of Increasing FAR

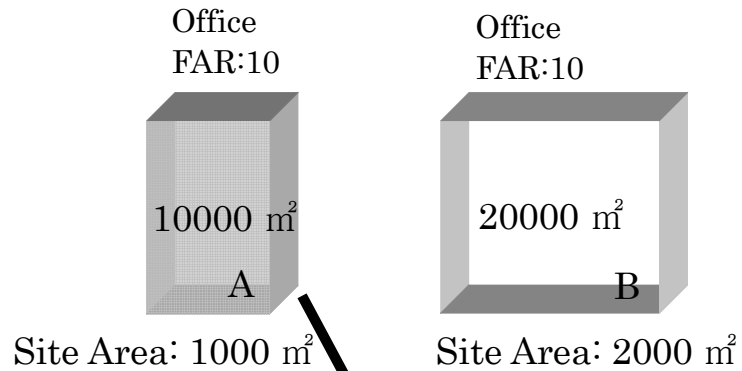
- (1) Estimation of Congestion Cost of Commuter Trains by
Hatta and Yamaga.
- (2) Estimation of Costs of Doubling the FAR of the Central
Tokyo by
Terasaki
- (3) Estimation of the benefits of Agglomeration Economies by
Hatta –Karato -Terasaki

7. Concluding Remarks

- Once external diseconomies are internalized, the equilibrium city size can not exceed the optimal city size.
- Effective countermeasures against congestion (automatic decentralization devices) are not even tried.
- Agglomeration economies are the source of high productivity of a large city.
- Government is one of business support services to be located near its customers.
- International competition calls for prosperous Tokyo.

The Office Floor Area Transfer Scheme: A Proposal

NOW



PROPOSED

