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Crisis of Local Extinction and Policy Directions

Misook Cha, Eunjoo Cho

Crisis of Local Extinction and Policy Directions

In 2020, Korea's population peaked, and it reached population death cross status. The local population death cross has become a permanent phenomenon. Local population decline is about more than simply a decrease in population. Population decline can lead to a serious reduction in consumption, employment, income, and supply and demand of essential services in the regions, eventually bringing about a general slowdown and collapse of the local economy. Moreover, with the collapse of the local areas, which serve as population dams with their higher birth rates than those of the metropolitan area or large cities, it will be difficult to ensure sustainable national development, not to mention national competitiveness. Therefore, national policy directions are urgently needed to overcome the crisis of local extinction. Measures to wisely respond to the new phase of population decline are necessary.

Crisis of Local Extinction and Policy Directions

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- A Study on the Establishment of Countermeasures for Local Extinction (2021).
- Reorganization of Balanced Development System through the Establishment of National Crisis Area (2020).
- A Study on the Establishment of the Fifth Comprehensive National Land Plan (2018–2019).
- Analysis of Corona 19 Impact on Regional Commercial Area using Big Data (2019).

Contents

Summary	04
Chapter I. Introduction	07
Chapter II. Population Change in Local Governments and Prediction of Extinction Crisis	
1. Population change in local governments	09
2. Prospects of local extinction	13
Chapter III. Policies Responding to Local Extinction in Korea and Foreign Countries	
1. Status and recent trends of policy in Korea	14
2. Recent trends of foreign countries	19
Chapter IV. Policy Goals and Strategies Responding to Local Extinction	
1. Paradigm shift of policies responding to local extinction	25
2. Policy goals and strategies responding to local extinction	26
Chapter V. Major Policy Issues Responding to Local Extinction	
1. Realization of a healthy and elegant lifestyle throughout life	28
2. Securement of living population by creating unique attractive spaces	29
3. Expansion of production, income, and good jobs based on local resources	31
4. Spreading a culture of coexistence through cooperation between regions	32
5. Strengthening of decentralization capabilities and empirical basis	33
Chapter VI. Conclusion	35
References	37

Summary

For sustainable regional development and social integration, appropriate countermeasures for the crisis of local extinction are needed. This requires, first, reestablishing the roles of the central government and local governments. The cutthroat competition between local governments to raise birth rates is a zero-sum game. The central government should not only promote population and social policies to raise the birth rate but also come up with corresponding countermeasures for local extinction according to regional characteristics (i.e., cities and rural regions). Second, a policy paradigm corresponding to the crisis of local extinction should be developed, and a social consensus should be formed.

Furthermore, regional development must pursue a direction that is energetic, satisfactory, and sustainable to address population decline. To this end, with the vision of “sustainable regional development and implementation of social integration in the era of population decline,” this study proposes three major goals, 1) vibrant regions, 2) equal quality of life, and 3) creation of independent regions with five major strategies.



The first strategy is to realize a healthy and vibrant standard of living at every life stage by improving childcare conditions, expanding the educational infrastructure, cultivating local talent, and creating medical and health infrastructure in local governments. This study suggests creating locally specialized health villages based on expanded domiciliary services and the introduction of village doctors by reflecting the conditions in those regions that have a high aging rate.

The second strategy is to secure a living population by creating a uniquely attractive space. The living population in the local areas can be expanded through lifestyle changes, such as the transition from a place-bound tradition—living in one place throughout one’s life—to a time-bound tradition—changing the “space of life” according to the life cycle and the purpose of life. In addition, a multi-address system to revitalize flexible residence, such as multi-regional residence, and promote local social and economic vitality should be introduced.

The third strategy involves production and income based on regional resources and creation of good jobs. It is necessary to increase productivity by branding the agriculture, livestock, and fishing industries and creating jobs linked to the region, while securing good jobs by attracting companies and relocating public institutions. Moreover, the productivity of local industries can be improved by using smart technology.

The fourth promotion strategy is the spread of a culture of coexistence through exchanges and cooperation between regions. Living areas should be established based on job and tourism behaviors, and incentives for operation expenses for the common use of essential services for living should be provided. Furthermore, exchanges between urban and rural regions and regional win-win programs should be expanded.

The fifth strategy involves strengthening decentralization capabilities and empirical bases. Local initiatives should be reinforced by establishing decentralized plans led by regions, signing agreements between central and local governments, supporting comprehensive

Introduction

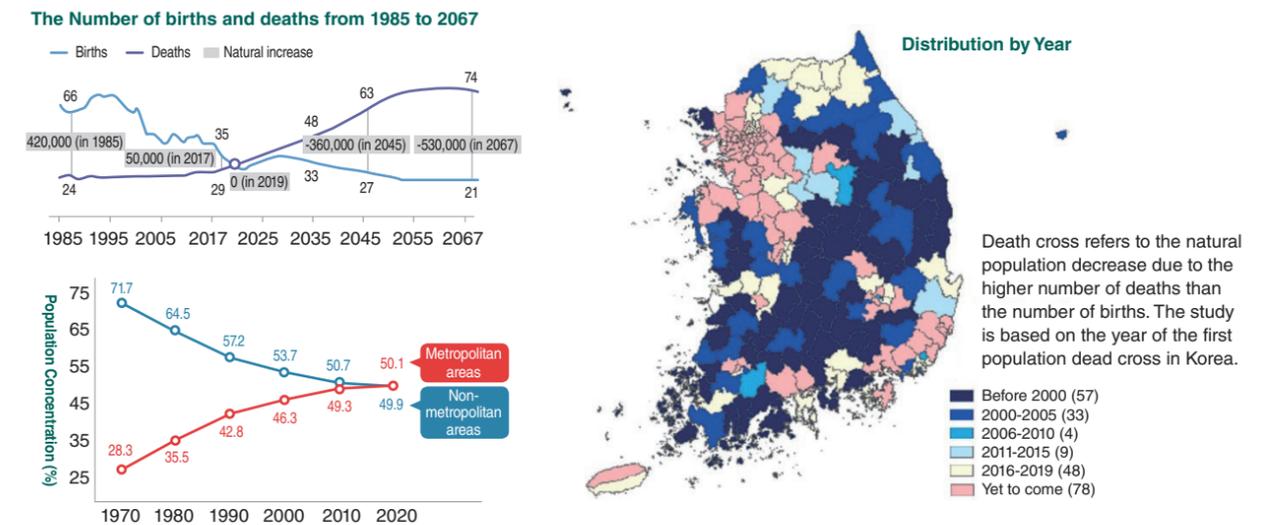
grants for planning units, and supporting funds for coping with local extinction. The central government should implement empirical policies through monitoring the crisis response to local extinction and discovering and spreading success models. To experience the policy effects in a short period of time, it is necessary to discover a successful model among the cases promoted on-site in local regions and apply and spread it according to each region.

The crisis response policy cannot achieve results only through the power of the central government. By strengthening regional initiatives, local governments should be able to diagnose regional conditions and characteristics and then autonomously select and implement customized support policies. To support them in this effort, the central government should expedite the improvement of new standards and systems that respond to the depopulation era, such as establishing a decentralized policy promotion system, expanding comprehensive support methods including funds for responding to local extinction and special grants, improving irrational regulations, and providing special support.

In 2020, the Republic of Korea reached three population benchmarks. The first such benchmark is the “population death cross” or the “total population peak,” which refers to a natural decrease in population as the number of deaths becomes higher than the number of births. In 2020, births numbered 272,377, and deaths numbered 304,948, indicating a natural population decline (-32,571). In terms of city, county, and district units, 66% of regions have already experienced the population death cross (one-quarter experienced it before 2000), and the number of deaths has exceeded the number of births by a factor of up to 6.9 in certain local government units.¹⁾

1) In 229 cities, counties, and districts, the number of deaths averaged 2.07 times the number of births, but some local governments recorded more than 6 times as many deaths as births (6.9 times in Hapcheon-gun, Gyeongnam; 6.8 times in Namhae-gun, Gyeongnam; 6.4 times in Goesan-gun, Chungbuk, and Gokseong-gun, Jeollanam-do, etc.)

Figure 1. Population Trend of Korea and Population Death Cross by Cities, Counties, and Districts



Source: Misook Cha (2021a), Ministry of the Interior and Safety (2021)

The second benchmark is population concentration in the Seoul metropolitan areas (50.1%), which has surpassed the non-capital areas for the first time. Not only has this overshadowed the achievements of the balanced development policy, which has been promoted since the 1960s with the aim of addressing population congestion and concentration in the metropolitan area and narrowing the regional gap, but there is also a growing sense of crisis over local extinction. The third benchmark is the first entry of the baby boomers (1955–1963) into the elderly group.

This study (“A Study on the Establishment of Countermeasures for Local Extinction” Ministry of the Interior and Safety 2021) is intended to empirically analyze local population changes and extinction crises, present strategies and policy tasks to establish policy directions to respond to the crisis of local extinction, and respond and adapt to the era of population decline. In addition, this study aims to provide logic and basic data for preparing a Special Act on Supporting Areas with Population Decline (tentative title) by discovering support policies and deriving system improvement measures to respond to the crisis of population decline and local extinction.

CHAPTER II.

Population Change in Local Governments and Prediction of Extinction Crisis

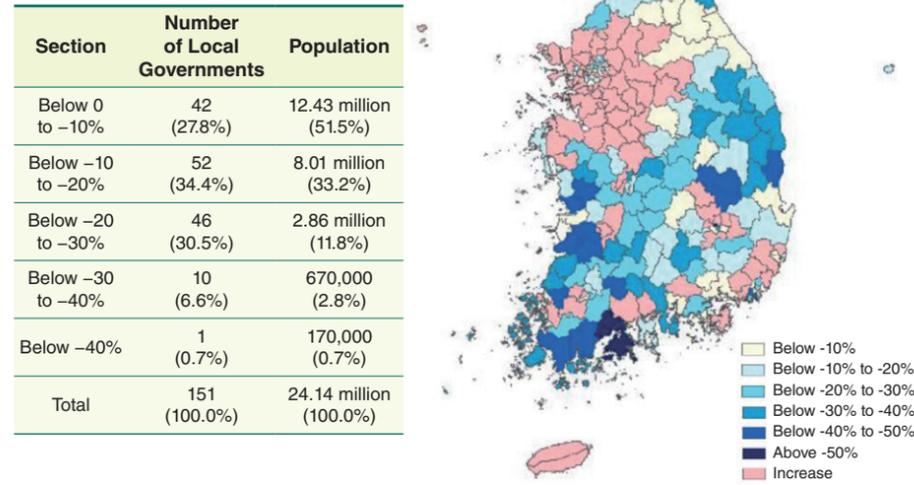
I. Population change in local governments

To understand population change and the crisis of extinction in local areas, population size; population structure change; and movement of population in cities, counties, and districts were examined from 2000 to 2020.

First, Korea’s low birth rate and aging population led its population to peak, and it faced the population death cross. Although Korea as a whole faced the population death cross in 2020, in terms of cities, counties, and district units, 66% (151 local governments) had experienced the population death cross prior to 2020, and about a quarter (57 local governments) had experienced it before 2000. Population decline in the regions is a fixed phenomenon. In some local government units, the death toll is 6.9 times higher than the number of births. In a policy Delphi survey conducted by Misook Cha et al. (2022), “corresponding to population decline in local regions and local extinction” was selected as the “megatrend factor that the next government should consider when preparing a new balanced development policy.”

Figure 2. Distribution of Population Decrease Ratio in Cities, Counties, and Districts (2000–2020)

Source: Ministry of the Interior and Safety (2021)



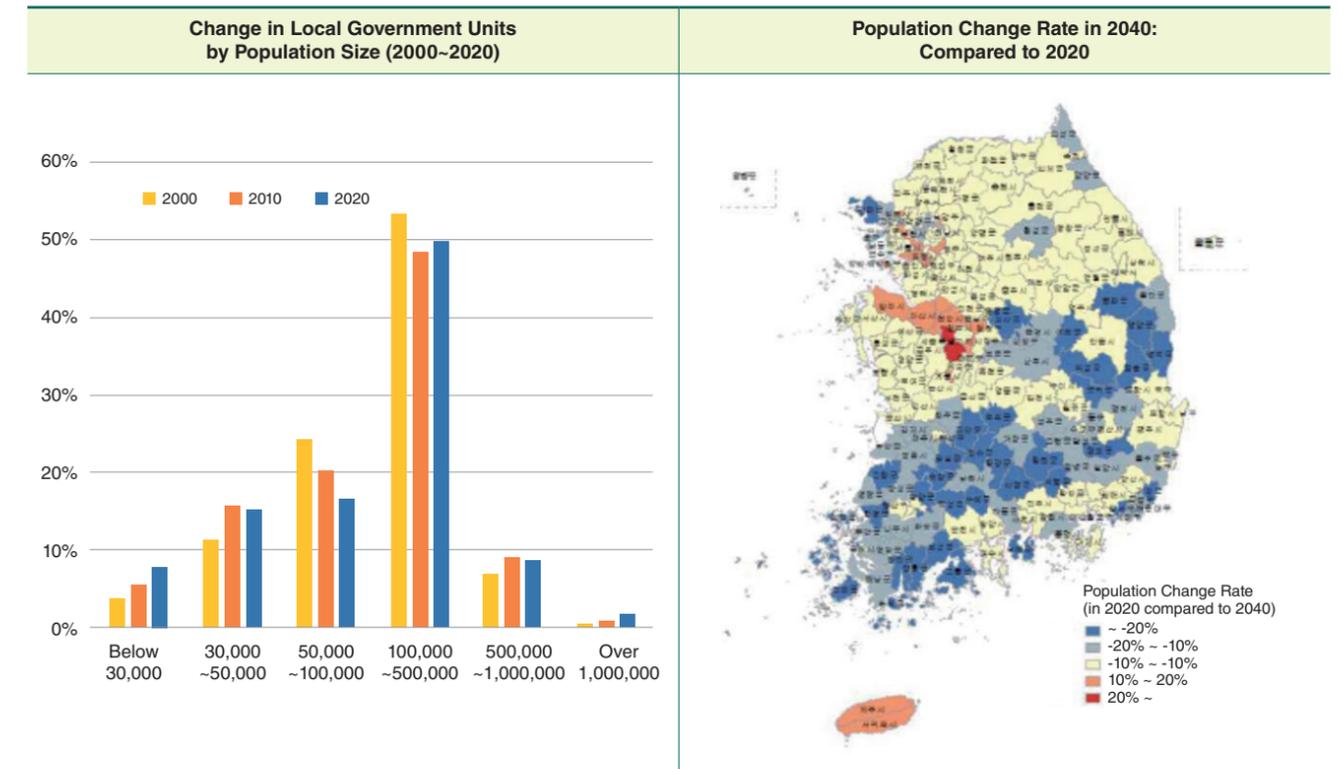
2) The figures in parentheses are the ratio of current population decrease to the peak population of the local government unit during 1975–2020.

Second, 60 (26.2%) cities, counties, and districts showed a decrease ratio of more than 20% in their population compared to the population peak during 2000–2020, while 52% (118 local governments) of the total recorded their lowest-ever population in 2020, implying that the lowest-ever population of the whole country has not yet been reached. According to an analysis of population change in small and medium-sized cities in local governments during 1975–2020, the number of local government units that have experienced population decline of more than 50% compared to the population peak is continually increasing, including Taebaek-si (-65.1%), Gimje-si (-63.5%), Sangju-si (57.8%), Jeongeup-si (57.1%), Mungyeong-si (55.8%), Namwon-si (54.7%), and Samcheok-si (54.7%).²⁾

3) This population is mainly distributed in the metropolitan area including Goyang-si, Suwon-si, Seongnam-si, and Changwon-si, and Changwon-si is seen as an artificial result of the integration of administrative districts.

Third, both the vulnerability and polarization of the population structure in local governments are intensifying due to the decrease in the working-age population and its spatial maldistribution. According to the analysis of population change by local government size, the number of cities, counties, and districts with a population of less than 30,000 tripled from 6 to 18 between 2000 and 2020, while the number of cities, counties, and districts with a population of more than one million³⁾ increased from 1 to 4. During the same period, the population (4.43 million) also recorded a net increase, mainly among local government units with higher populations, intensifying the polarization based on local government size. In the predicted future population distribution for 2040, local governments with a population decline of more than 20% are expected to continually increase in number, and cities, counties, and districts with a population of more than 500,000 are expected to increase from 13 to 16.

Figure 3. Change in Local Government Units by Population Size and Prediction of Distribution in 2040



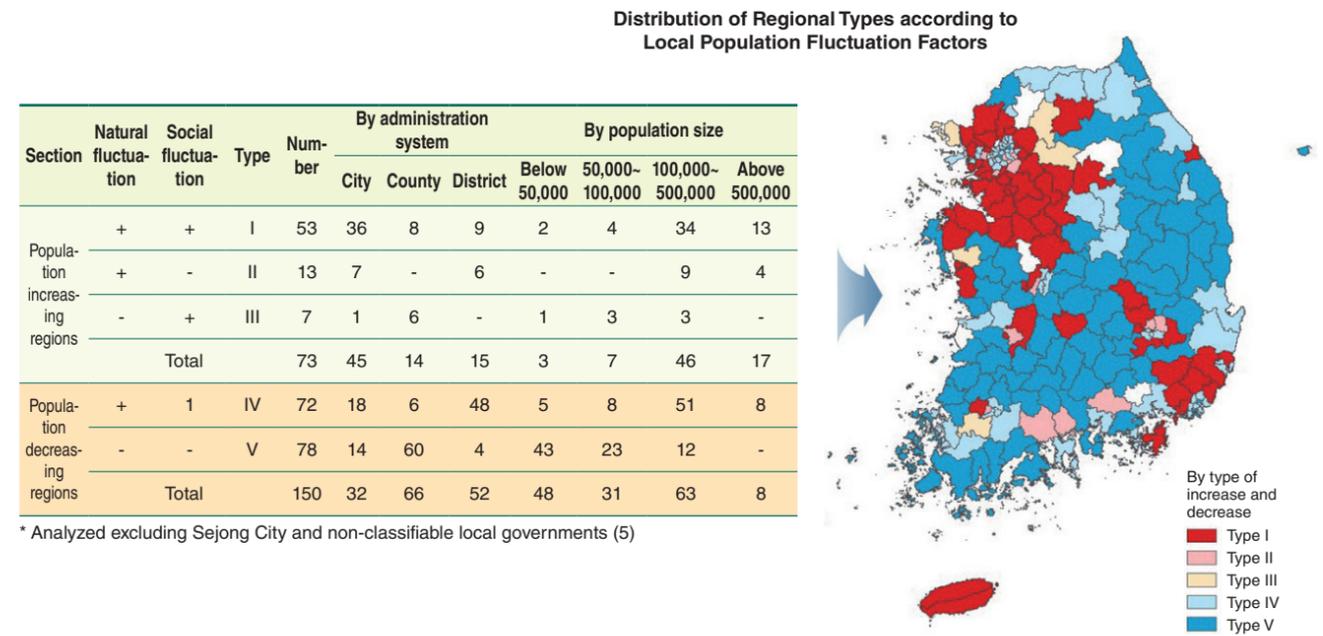
Source: Misook Cha et al. (2021); Bo Kyeong Lee (2021) for the blueprint in the right column.

Fourth, according to the analysis of internal migration (2000–2019) conducted by Statistics Korea, the migration rate to the metropolitan area is high among young people in their 20s, and the outflow from the metropolitan area to the local areas is high among those in their 40s or older. In the last three years (2018–2020), the outflow of people in their 20s and 30s from the district for job, housing, and education purposes increased, while those in their 50s and 60s flowed into the district for job and housing purposes. The pattern of population movement between regions differs by life cycle.

Fifth, an analysis of population fluctuation factors of cities, counties, and districts found social fluctuation to be equally negative (-) in the regions experiencing population decline (type IV, type V). The average total birth rate (2019) was in the order of counties (1.25), cities (1.05), and districts (0.82). Yeonggwang-gun, Jeollanam-do (2.538), had the highest total birth rate, while Gwanak-gu, Seoul (0.536), had the lowest birth rate. The higher birth rate of local regions (compared to cities) acts as a “population dam.” The low fertility of large cities is also consistent with the demographic theory that claims that such a phenomenon is the result of strengthening the “survival instinct”

rather than the “reproduction instinct” in a fiercely competitive society. The Board of Audit and Inspection (2021) also verified through an analysis of population movement in Korea the existence of a negative relationship (–) between population density and birth rate. The analysis also found that high population density intensifies social competition, eventually resulting in a low birth rate.

Figure 4. Typing and Spatial Distribution According to Local Population Fluctuation Factors



* Analyzed excluding Sejong City and non-classifiable local governments (5)

Note: Explanation of regional types according to population fluctuation factors: Population increasing regions - Type I (natural+, social+), Type II (natural+, social-), Type III (natural-, social+); Population decreasing regions - Type IV (natural+, social-), Type V (natural-, social-)

Source: Misook Cha (2021)

As discussed above, local population changes are characterized by permanent population death cross, vulnerability of the population structure, spatial maldistribution and deepening polarization, conflicting migration patterns according to life cycle, and a higher birth rate of local regions than for metropolitan or large cities. In particular, the high birth rate of local regions represents a serious crisis of local extinction and balanced development, while providing a meaningful clue for how to prepare sustainable balanced development policies in the future. The fact that local regions are playing the role of a “population dam” with a higher birth rate than that of large cities is very suggestive of the direction of national population promotion and balanced development policies. Sustainable national development will be possible only when the local regions are redeemed.

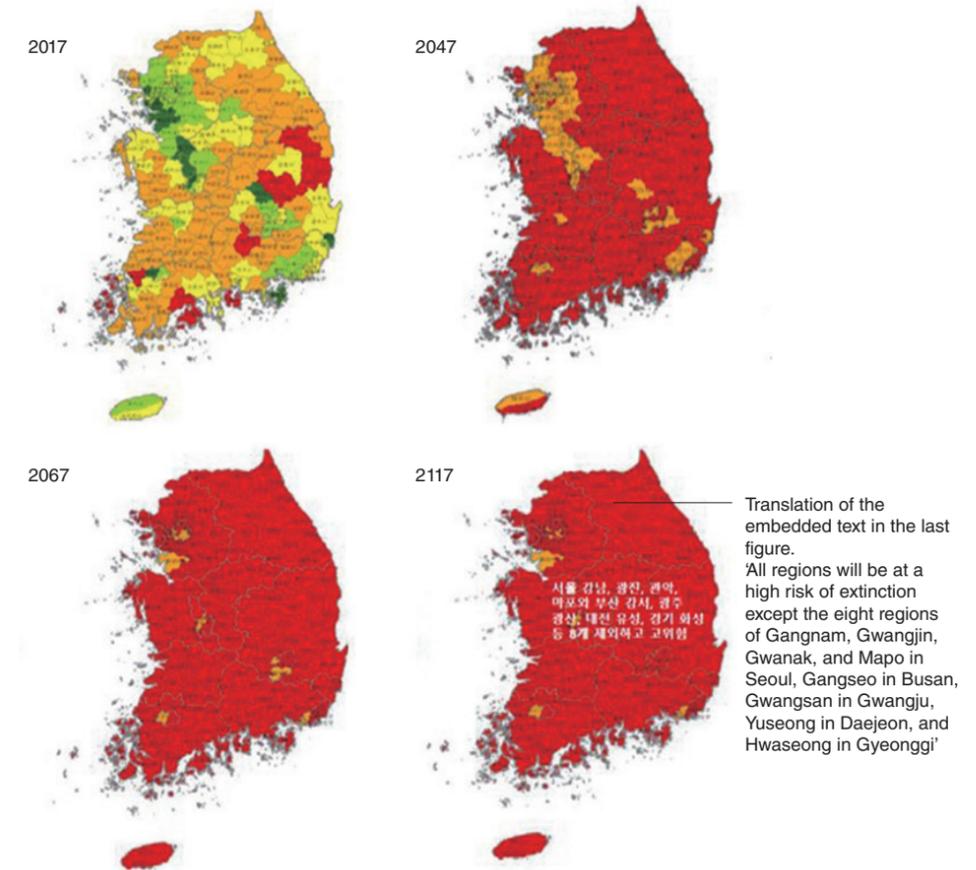
2. Prospects of local extinction

The term “local extinction” originated in the theory of local extinction (2014) by Japan’s Masuda Hiroya (増田寛也). Local extinction refers to a phenomenon in which regions are depopulated or unpopulated due to low birth rates, aging, and population movement to the Tokyo area (Misook Cha et al., 2022). In other words, local regions face a crisis of extinction due to population decline caused by low birth rates, aging, and population movement to the metropolitan area.

The Korea Research Institute for Human Settlements (2020) predicted that as young people continue to flow into the metropolitan area, the population concentration in the metropolitan area will increase from 50.1% in 2020 to 52.4% in 2070, widening the gap between the Seoul metropolitan area and local regions. Moreover, The Board of Audit and Inspection of Korea (2021) predicted that the number of high-risk areas will increase sharply from 12 in 2017 to 157 in 2047, and that all local regions except for eight cities, counties, and districts nationwide, including Gangnam-gu, Seoul, will become extinct in 2117.⁴⁾ If the current situation continues, local extinction is inevitable.

⁴⁾ The Board of Audit and Inspection of Korea predicts that the total population will decrease: 51.36 million (2017) → 47.71 million (2047) → 36.89 million (2067) → 15.1 million; and the population of the metropolitan areas will increase: 49.6% → 51.6% → 52.8% (Board of Audit and Inspection, 2021).

Figure 5. Extinction High-risk Regions by Cities, Counties, and Districts (2017–2117)



Source: Board of Audit and Inspection (2021)

Policies Responding to Local Extinction in Korea and Foreign Countries

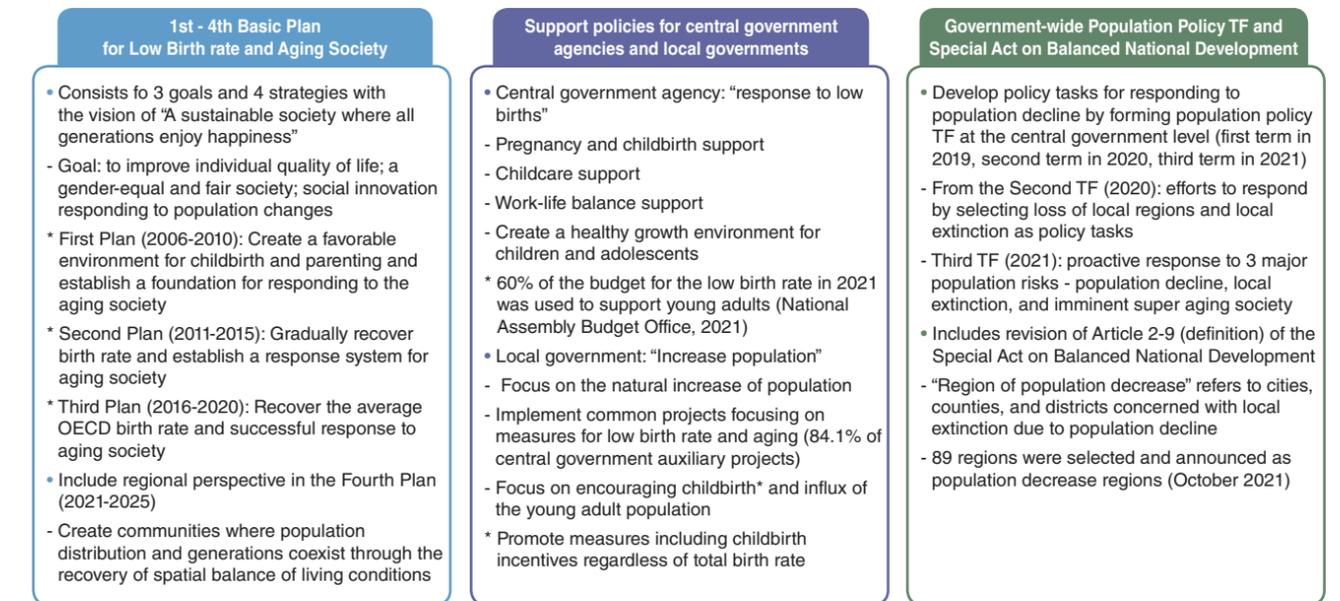
I. Status and recent trends of policy in Korea

I) Central government

The central government’s policy for responding to population decline was launched in 2005 with the establishment of the Presidential Committee on Aging Society and Population Policy, the enactment of the Basic Act on Low Birthrate and Aging Society, and the establishment and implementation of the Basic Plan for Low Birthrate and Aging Society. Currently, the fourth Basic Plan (2021–2025) is in progress. The government has responded to the population problem by investing a total budget of 225 trillion won between 2006 and 2020. The policy to address a low birth rate and aging society focuses on population growth, that is, natural growth, and on pregnancy and childbirth, childcare, work–life balance, and policies related to the creation of a growth environment for teenagers. As of 2021, 61% of the low birth rate support budget is allocated to young people.

However, Korea has a total birth rate of 0.81 (2021) and is the only Organisation for Economic Development and Co-operation (OECD) country with an extremely low birth rate. In 2019, a government-wide Population Policy Task Force (hosted by the Ministry of Economy and Finance) was formed to influence policy responses to population decline, and support measures are being individually implemented by the Ministry of the Interior and Safety, Ministry of Agriculture, Food and Rural Affairs, and the Ministry of SMEs and Startups. However, the local population problem was not adopted as an official agenda, and it was only officially discussed at the second Population Policy Task Force in 2020.

Figure 6. Policy Implementation Status of the Central and Local Governments

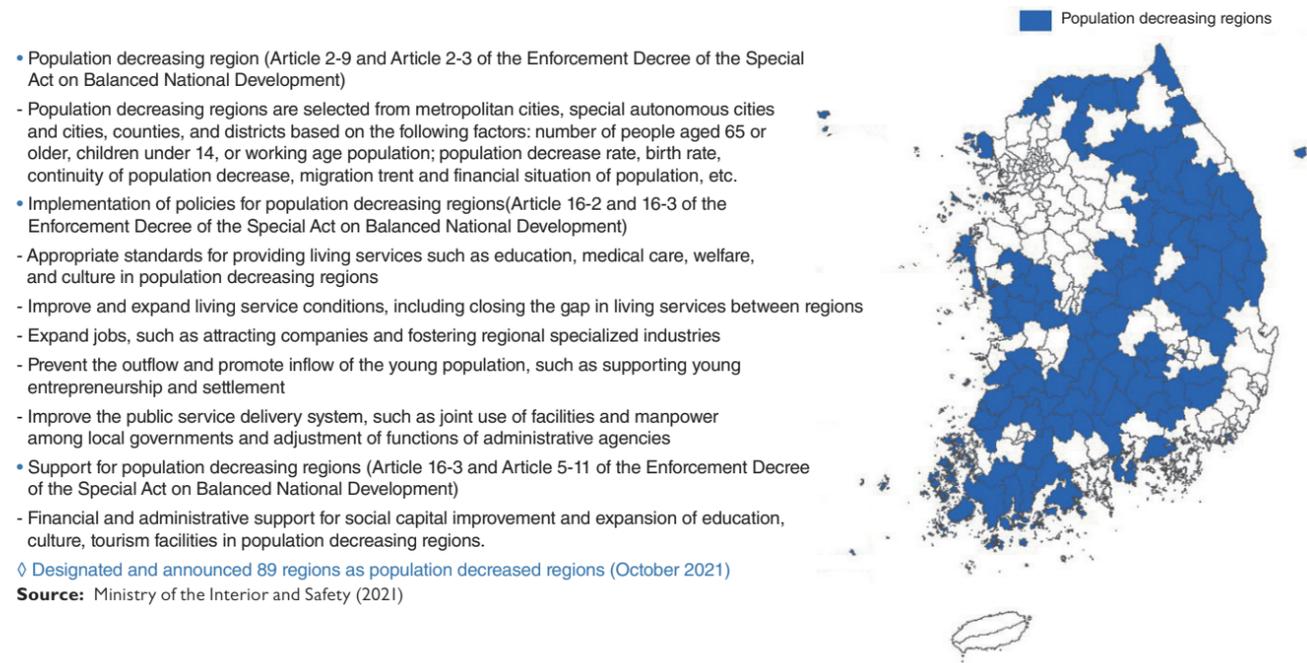


Source: Ministry of the Interior and Safety (2021)

However, as the local population decline has accelerated, it has gained prominence as a policy issue. Accordingly, regions with decreasing populations (Article 2-9) were officially defined through the revision of the Special Act on Balanced National Development, and 89 local governments of regions with decreasing populations were designated and announced in October 2021. In accordance with Article 2-3 of the Enforcement Decree of the same Act, the population decline index was computed by applying eight indicators: annual average population fluctuation rate, population density, net migration rate of young people, daytime population, aging rate, youth rate, premature birth rate, and financial independence. Furthermore, these regions will receive support from the local extinction response fund,⁵⁾ which was introduced as part of the second stage of fiscal decentralization in August 2020.

⁵⁾ The local extinction response fund is expected to provide one trillion won every year during 2022–2031 (10 years).

Figure 7. Regulations of the Special Act on Balanced National Development and Designation of Regions with Decreasing Populations

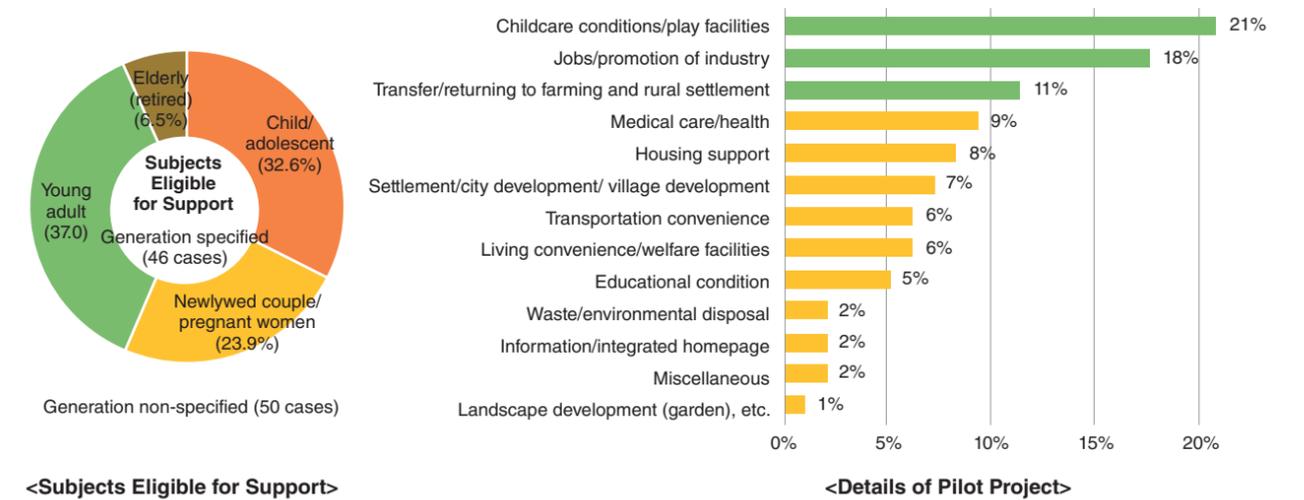


2) Local government

Local governments' responses to population decline are broadly similar to central government support measures, and some local governments that are experiencing population decline and crisis of extinction are using their own budgets to promote policy response efforts.

From April to May 2021, measures by local governments to respond to population decline and local extinction (pilot projects) were surveyed for all metropolitan and basic local governments. As a result, a total of 96 pilot projects were implemented. In terms of the age group eligible for support, young people (37%) ranked first, followed by children and adolescents (32.6%), newlyweds and pregnant women (23.9%), and the elderly (6.5%). In terms of support details, childcare conditions (21%) ranked first, followed by job/industrial promotion (18%) and transfer/return to rural areas (11%).

Figure 8. Implementation Status of Local Governments' Pilot Projects Responding to Local Extinction



Source: Results of the survey of all metropolitan and basic local governments (April to May 2021), Korea Research Institute for Human Settlements

Local governments' countermeasures and projects to address local extinction are mainly targeted at youth, and businesses that support job creation in a low birth rate context account for the majority of the projects due to the influence of auxiliary projects of each central government agency. Pilot projects responding to local extinction can be classified into the categories of childcare and education; medical, health, and convenience facilities; support for transferring and returning to farming and rural settlement; settlement foundation and village development; job and industry promotion; transportation convenience; and other fields.

First, pilot projects for childcare and education include projects for saving small schools (Hamyang, Gyeongnam, and Gokseong, Jeonnam), creating small children's playgrounds in rural villages (Youngju, Gyeongnam), and providing play experiences for multi-child families (Goseong, Gyeongnam). Second, pilot projects in the fields of medicine, health, and living convenience include the Healthy Saemaetul Project (Cheongdo, Gyeongbuk), the village doctor project (Hongseong, Chungnam), and the MacGyver selection support project (Suncheon, Jeonnam). Third, the pilot projects for transfer and return to farming and rural areas fund changes of address (Pohang, Gyeongbuk), resettlement aid for farmers (Cheongdo, Gyeongbuk), and farming and living support for retired elderly urban residents (Muju, Jeonbuk). Fourth, the pilot projects for the establishment of a settlement foundation and village development are the good neighbor model village (Uiseong, Gyeongbuk), creation of a happy nest (Geosan, Chungbuk), support for empty

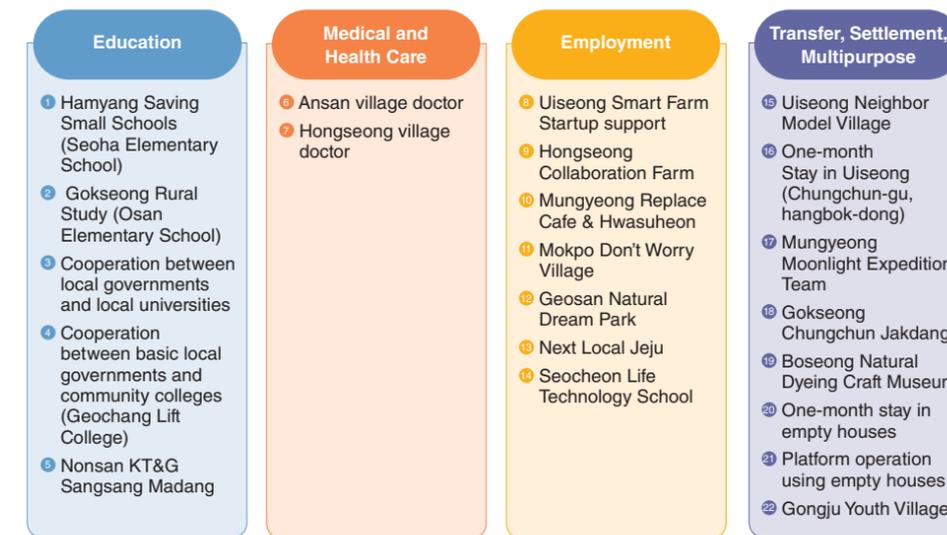
house remodeling (Hamyang, Gyeongnam), and creation of rural family infrastructure (Gunwi, Gyeongbuk) projects. Fifth, pilot projects for job and industry promotion include youth support for Goheung-type family business succession (Goheung, Jeonnam), local settlement support for youth talent (Chilgok, Gyeongbuk), good neighbor model village, creation of young farmers and smart farms (Uiseong, Gyeongbuk), and drone pest control team of young farmers (Changnyeong, Gyeongnam) projects. Sixth, pilot projects in transportation convenience and other fields include rural transportation models—1,000 won taxi support (Cheongsong, Gyeongbuk), operation of baby love taxis for pregnant women (Yeongcheon, Gyeongbuk), and a one-click integrated website for population policy (Gumi, Gyeongbuk).

3) A case study and in-depth interview on the pilot project for responding to local extinction

On-site difficulties and system improvement issues were derived through on-site investigations and in-depth interviews about the pilot projects for responding to local extinction (22 cases, July–September 2021).

A case survey on education, medical care, health, jobs, transfer, and development of settlement conditions revealed that most such projects focused on youth, the stage of local search, and jobs (creative farming, etc.). A partly successful model was found. However, efforts to strengthen the continuity and independence of the pilot projects for responding to local extinction in the future face limitations, and there remains room for improvement. First, comprehensive corresponding policies, such as job-housing-medical care-education-living convenience necessary for regional settlement, are insufficient because most of the pilot projects being implemented mainly involve unit projects without a regional master plan. Second, most support is concentrated at the local search stage, such as the one-month stay for young people, and measures that consider phased support and life cycle, such as local migration and settlement, are insufficient. Third, in the process of local migration and settlement, people sometimes give up settlement or make a U-turn after experiencing difficulties in becoming community members due to conflicts with the local residents. Fourth, people face difficulty in responding to changes in social conditions and personal values. A transition from a place-bound tradition—living in one place throughout life—to a time-bound tradition—changing the “space of life” according to the life cycle and the purpose of life—is necessary, and support measures and projects that correspond to lifestyle changes are necessary.

Figure 9. Participants for On-site Investigation and In-depth Interview on the Pilot Project for Responding to Local Extinction



Source: Misook Cha et al. (2022)

2. Recent trends of foreign countries

1) Japan's local extinction and regional revitalization policy

Japan's population peaked at 128.08 million in 2008, and Japan has been experiencing full-scale population decline ever since. After Masuda Hiroya's announcement of “the theory of local extinction”⁶⁾ in 2014, the Abe government promoted regional revitalization policies, including the enactment of the Regional Revitalization Act; the establishment of the Village, People, and Job Revitalization Headquarters; and preparation of a comprehensive strategy for village, people, and job revitalization. Currently, the Second Regional Revitalization Policy (2019–2024) is in force.

⁶⁾ In Japan, 1,742 municipalities were extinct as of 2014 due to low birth rates and aging. Due to depopulation, 896 municipalities, or 52% of the total, will face extinction by 2040.

Table 1. Comparison of Japan's Regional Revitalization Policy Details

Source: Misook Cha et al. (2021b)

Section	First Village, People, Job Revitalization Policy (2015-2019)	Second Village, People, Job Revitalization Policy (2020-2024)
Vision	<ul style="list-style-type: none"> Overcoming the problem of population decline (securing a population of 100 million people by 2050; realizing a birth rate of 1.8 persons; correcting the Tokyo polarization); securing growth potential 	<ul style="list-style-type: none"> Creating vibrant communities in the future (easing off population decline, increasing productivity from outside the regions, realizing economic cycles within the regions, adapting to population decline); correcting the Tokyo polarization
Basic goal	<ul style="list-style-type: none"> ① Creating secure jobs in the local Regions. <ul style="list-style-type: none"> Strengthening the competitiveness of local industries. Fostering local talent; use ICT, etc. 	<ul style="list-style-type: none"> ① Creating secure, money-making regions. <ul style="list-style-type: none"> Creating high-productivity, money-making regions according to regional characteristics; creating a safe working environment.
	<ul style="list-style-type: none"> ② Creating a new flow of population movement to the local regions. <ul style="list-style-type: none"> Promoting local migration (U-I-J turn) Designing the Japanese version of "Life Performance Village" etc. 	<ul style="list-style-type: none"> ② Strengthening links with local regions and create population flows into local regions. <ul style="list-style-type: none"> Promoting migration and settlement to the local regions. Strengthening connections with local governments such as related populations.
	<ul style="list-style-type: none"> ③ Helping the youth fulfil their hope of marriage, childbirth, and childcare. <ul style="list-style-type: none"> Promoting youth employment measures. Realizing work-life balance, etc. 	<ul style="list-style-type: none"> ③ Helping fulfil the hope of marriage, childbirth, and childcare. <ul style="list-style-type: none"> Creating a good environment for marriage, childbirth, and childcare. Promoting work-life balance and women's active participation, etc.
	<ul style="list-style-type: none"> ④ Creating regions that reflect the times, help residents live with confidence, and strengthen regional links. <ul style="list-style-type: none"> Forming a small base and manage existing assets. Forming an economy and life zone of local communities, etc. Securing safe living base in the metropolitan area. 	<ul style="list-style-type: none"> ④ Creating attractive, safe, and people-gathering Regions. <ul style="list-style-type: none"> Village functions for quality living Forming unique regions by using local resources Creating secure villages
Cross goal	-	<ul style="list-style-type: none"> ① Promoting activities of talented people. ② Using the flow of a new era as the motive. <ul style="list-style-type: none"> Regional Society 5.0, Regional Revitalization SDGs, etc.
Support system	<ul style="list-style-type: none"> Man power: Regional Revitalization Human Resource Support System, Regional Revitalization Concierge (guide) system Finance: Regional Revitalization Grant System Information: Regional Economy and Society Analyzing System (RESAS) 	<ul style="list-style-type: none"> Man power: Regional Revitalization Human Resource Support System, Regional Revitalization Concierge (guide) system Finance: Regional Revitalization Grant System (Extend and expand the Corporate Hometown Tax and Regional Base Reinforcement Tax System) Information: Regional Economy and Society Analyzing System (RESAS)

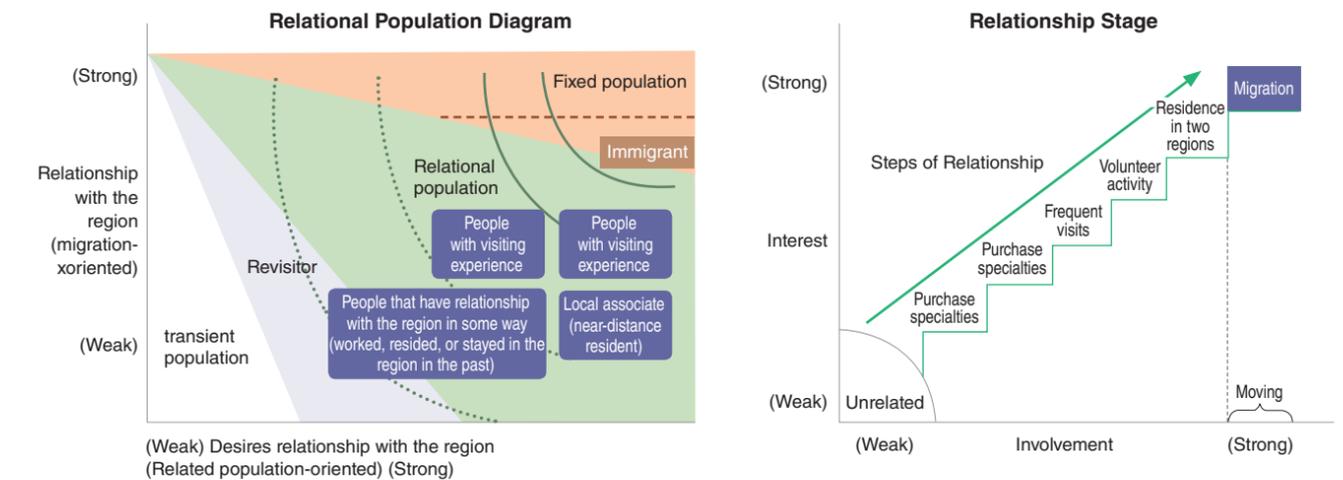
Among the regional revitalization policies, the content related to "population" is as follows. While the First Regional Revitalization Policy (2015-2019) emphasized the securement of the resident population through migration and transient population the Second Regional Revitalization Policy (2019-2024) sought to solve local problems by introducing a new population concept of "relational population," which is defined as "people who help solve local problems by establishing continuous and diverse relationships with specific regions (not migration or tourism) in addition to daily living and commuting regions." Since 2018, the Ministry of Internal Affairs and Communications and the Ministry of Land, Infrastructure and Transport have been implementing pilot projects for relational populations, and pilot projects are currently being carried out in 74 regions.⁷⁾

7) There are four types: relationship deepening, relationship creating, expanding surroundings, and expanding surroundings (foreigner).

Table 2. Japan's Regional Revitalization Policy and Utilization of a New Population Concept

Resident Population	Transient Population	Relational Population
Move	Exchange, stay	Relationship
Moving pattern: U-turn, I-turn, J-turn Moving Factors: 燕-turn, R-turn, etc.	Tourism, revisit, etc.	Relationship in various forms (Visiting, non-visiting)
Increase regional residence	Increase consumption within the region (1:8:25:81)	Helps solve regional problems

Figure 10. Concept of Relational Population and Formulation of Relationships



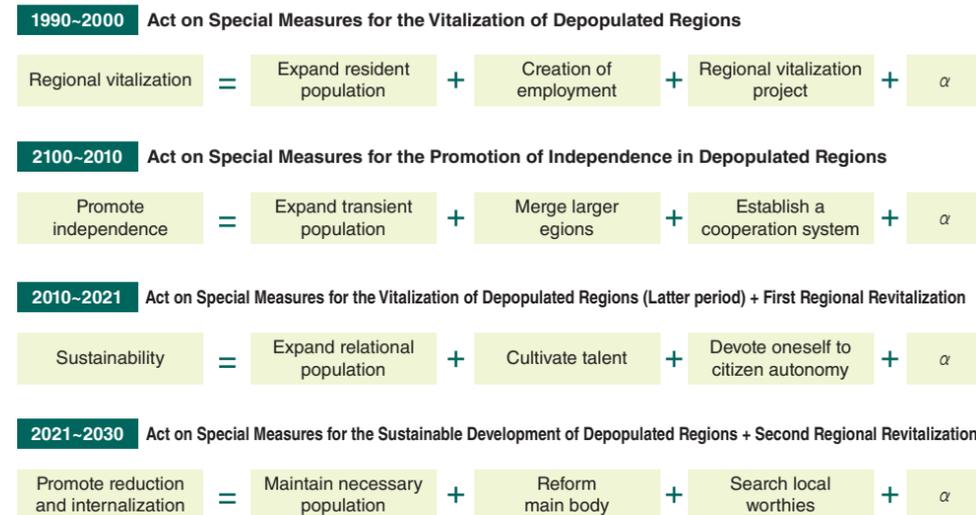
Source: Accessed March 18, 2021

In 2021, Japan's relational population was estimated to be about 18.27 million (15% of the total population), and there was a high population inflow from the three major urban areas to the local regions. The directly contributing (visit-type) relational population was highest among the Satori generation (born 1983–1994) and the digital native generation (born 1995–2003), and males in their 30s and females in their 50s were well represented among the non-visit-type relational population (Japanese Ministry of Land, Infrastructure, Transport and Tourism, 2021).

The Japanese government has been suggesting policy changes through laws and regulations related to depopulated regions. With the passage of time, due to laws related to depopulated regions enacted in the 1970s, the concept of population is being introduced and used for policy goals and regional development purposes. The policy goals are as follows: changing from regional revitalization → promotion of independence → sustainability → reduction internalization, and policy population is changing from resident population → transient population → relational population → necessary population.

Figure 11. Changes in Depopulated Region Policy Goals and Policy Population

Source: 作野廣和(2021).
Misook Cha (2021b)

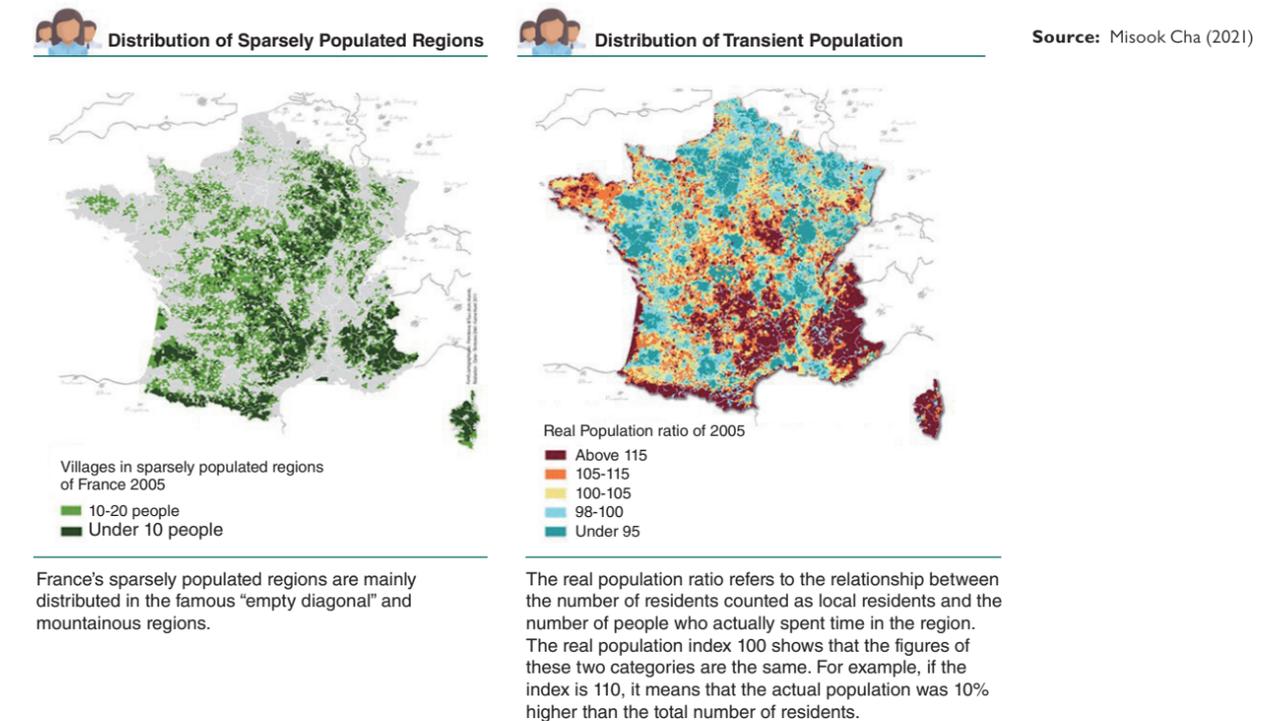


2) France's sparsely populated regions and response policies

France's population temporarily declined in the mid-1990s, but after promoting active family policies and immigration policies, the nation now has a population growth rate that is higher than the OECD average. In addition, France is continuing to promote balanced development policies to solve the serious regional gap caused by population concentration in the Paris region.

Since 1995, Rural Revitalization Zones (ZRR) have been designated as sparsely populated areas, and tax support has been provided to companies that contribute to regional job creation. Moreover, in 2020, rural communities with fewer than 3,500 residents and more than 10,000 jobs were designated as rural commercial revitalization regions, and focused support is offered for sparsely populated regions. It is noteworthy that France is promoting a strategy to create attractive spaces by offering amenities and attractive leisure and living spaces in rural villages to solve the problem of sparse population and to narrow the regional gap.

Figure 12. France's Sparsely Populated Regions and Transient Population Distribution Areas



France's sparsely populated regions are mainly distributed in the famous "empty diagonal" and mountainous regions.

The real population ratio refers to the relationship between the number of residents counted as local residents and the number of people who actually spent time in the region. The real population index 100 shows that the figures of these two categories are the same. For example, if the index is 110, it means that the actual population was 10% higher than the total number of residents.

The proportion of the French population living in two regions is 10% in terms of the number of houses, and two-thirds of the population is aged 60 years or older. Their second houses are located in coastal areas (40%) and highlands (16%), and 38% of households that possess second homes in France have their main homes within three hours by car. Frequency of second homes is increasing in recreation areas or rural areas characterized by population outflow, and significantly in most of the metropolitan areas.

Policy Goals and Strategies Responding to Local Extinction

I. Paradigm shift of policies responding to local extinction

The crisis of local population decline and extinction can only be solved to a limited extent through the existing population and social policies that have been used to solve the problem of low birth rates and aging. As social migration (outflow), rather than natural reduction, is a key factor in local population decline, it is difficult to achieve results by promoting existing policies focused on natural growth (increasing population). The average total birth rate (2019) is the highest in counties (1.25), followed by cities (1.05), and districts (0.82), and Yeonggwang-gun (2.58), Jeollanam-do, has the highest total birth rate, while Gwanak-gu (0.54) has the lowest total birth rate. Despite such a high total birth rate in local regions, it is estimated that the outflow of young people and the small absolute number of young women of childbearing age explains the lack of an increase in the actual local population.

Changes in policy approaches and perspectives to respond to local extinction are needed. First, it is necessary to promote sustainable regional development strategies in the era of population decline by creating vital and attractive regions offering a high quality of life, even in cases of population decline, instead of focusing on quantitative population growth such as the birth rate. Second, changes in the uniform response policies led by the central government are inevitable due to insufficient diversity of local sites and policy demands. In other words, it is necessary to adopt an integrated approach based on people and places, and to create a region with a high quality of life and happy residents even in cases of population decline, rather than focusing on quantitative population increases such as increasing birth rates.

Table 3. France's Second Home Distribution Rate (1982–2021)

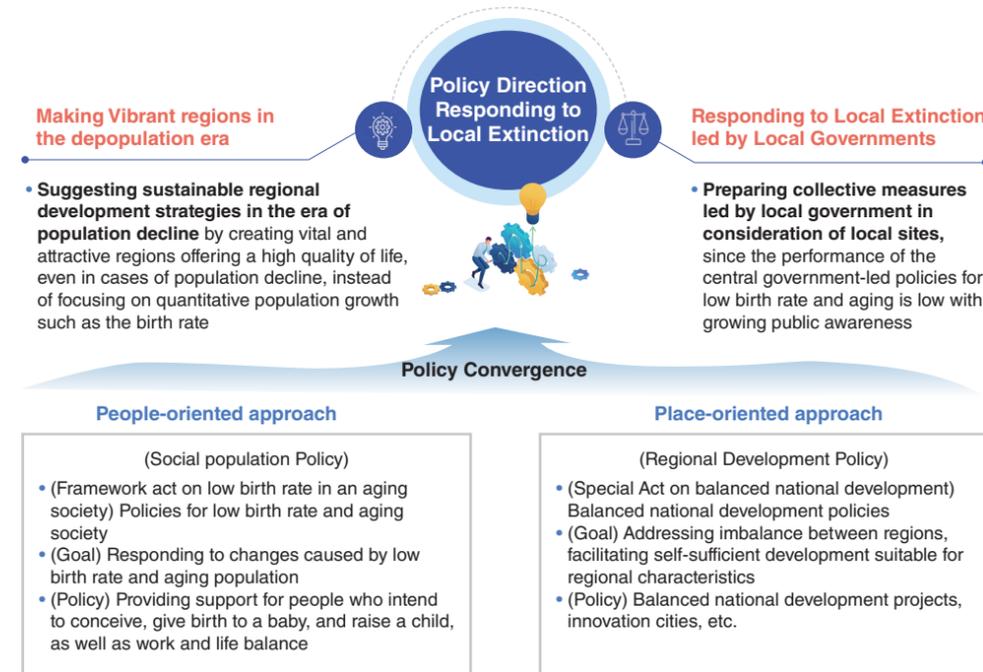
Source: Misook Cha (2022)

Section	1982		2021		Annual Rate of Change (%)
	Number of homes (thousand)	Percentage (%)	Number of homes (thousand)	Percentage (%)	
Metropolitan France	23,652	100	36,247	100	1.1
Basic Home	19,542	82.6	29,660	81.8	1.1
Second Home	2,260	9.6	3,620	10.0	1.2
Empty Home	1,850	7.8	2,968	8.2	1.2

Due to COVID-19, the population tends to concentrate in rural areas near cities where people can enjoy a broad residential environment while using urban infrastructure, rather than cities where land prices have risen. Moreover, the country is supporting the development of a third space (le tiers lieu) for the Fourth Industrial Revolution and post-COVID separation of employment from home. A pleasant environment where one can work even if one leaves the workplace, namely, a space for co-working in the local regions, is provided. The third space is a rural area with various functions such as co-working, online universities, various workshops, production rooms, socializing, cultural exchanges, and public service provision, and is a creative space that can be changed according to the creator's definition.

Figure 13. Paradigm Shift of Policies Responding to Local Extinction

Source: Ministry of the Interior and Safety (2021)

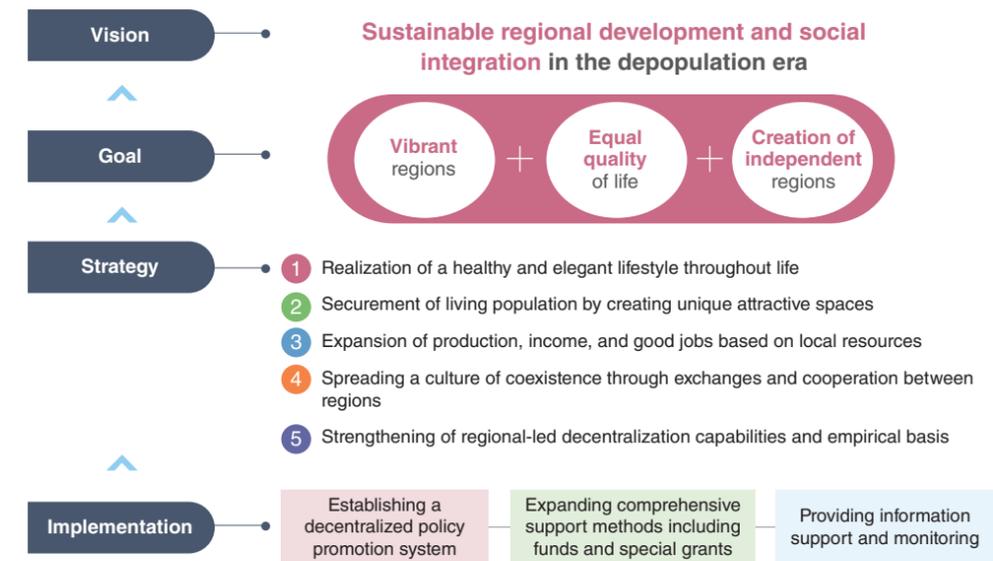


2. Policy goals and strategies responding to local extinction

Even as sustainable regional development is promoted through response and adaptation in the era of full-fledged population decline, the foundation for social integration should be realized through resolving various gaps and imbalances between the metropolitan and local areas and among local regions. The policy goals and strategies for responding to local extinction to achieve the vision of sustainable regional development and social integration in the era of population decline are as follows. The first goal involves the creation of regions vibrant with energy, that is, maintaining regional vitality by securing a living population and suppressing outflows, despite population decreases. The second goal consists of securing an equal quality of life, namely, maintaining an equal quality of life for all citizens regardless of where they live. The creation of independent regions is the third goal; this involves discarding the uniform policy practices led by the central government and creating bases for independence and providing customized support according to regional conditions and characteristics.

Figure 14. Policy Goals and Strategies Responding to Local Extinction

Source: Misook Cha (2021a)



To materialize these visions and goals, the following five strategies are proposed: (1) Realization of a healthy and elegant lifestyle throughout life; (2) Securement of living population by creating unique attractive spaces; (3) Expansion of production, income, and good jobs based on local resources; (4) Spreading a culture of coexistence through exchanges and cooperation between regions; and (5) Strengthening of regional-led decentralization capabilities and empirical basis.

Major Policy Issues Responding to Local Extinction

I. Realization of a healthy and elegant lifestyle throughout life

To realize a healthy and elegant lifestyle at every life stage, first, eligibility for policy support should be expanded to the entire life cycle, including middle-aged and elderly people, and policies should focus on realizing generational harmony and convergent communities by promoting the activities of various subjects such as women and foreigners. Second, a decent life must be guaranteed to people no matter where they live by bridging the gap between regions in essential infrastructure provision such as childcare, education, and health. Considering that childbirth incentives provided by local governments cause cutthroat competition and have failed to take advantage of the purpose of the support system, it is necessary to strengthen the government's responsibility for encouraging childbirth. To prevent social outflow and local extinction from intensifying due to gaps in essential living infrastructure such as childcare, education, and health between regions, the basic right to enjoy the national standard of living, not the national minimum, should be guaranteed to people living in the local regions. However, in terms of the amenable mortality rate (2015), Yeongyang-gun, Gyeongsangbuk-do, is 3.64 times higher than Gangnam-gu, Seoul, showing a serious gap in medical benefits between regions.

The main policy tasks (projects) to realize a healthy and elegant lifestyle at every stage of life are as follows. First, childcare conditions, including the government responsibility system for encouraging childbirth, integrated operation of kindergartens and childcare institutions, and the priority installation of national and public daycare centers using unused public facilities, must be improved. Second, the educational foundation should

be expanded, and excellent local personnel should be cultivated through provision of support for urban–rural exchange programs to revitalize studying in rural villages; operation expenses for afterschool specialized education; and cooperation programs for local universities, governments, and companies. Third, a foundation for medical health infrastructure should be developed. It is necessary to expand home care and domiciliary service projects, institutionalize village doctors, and create regionally specialized health villages.

Policy Tasks and Project Examples

- Improving childcare conditions: government responsibility system for encouraging childbirth, integrated operation of kindergartens and childcare institutions, and the priority installation of national and public daycare centers utilizing unused public facilities.
 - Expanding the educational foundation and cultivating excellent local personnel: support for urban–rural exchange programs to revitalize studying in rural villages; operation expenses for afterschool specialized education; and cooperation programs for local universities, governments, and companies.
 - Developing a foundation for medical health infrastructure: expanding home care and domiciliary service projects, institutionalizing village doctors, creating regionally specialized health villages, and supporting development of community-based health villages.
- Examples of support policy package project: Developing Smart+ Health Villages, cultivating excellent regional personnel, and operating a lifelong education system.

2. Securement of living population by creating unique attractive spaces

To cope with local population decline and local extinction due to the outflow of young people, it is essential to create a uniquely attractive space and a secure living population such as a resident population and transient population. Local regions must prepare for lifestyle changes (e.g., working from home, four days in the city and three days in the village, one-month stays, etc.) and the transition from a place-bound tradition—living in one place throughout life—to a time-bound tradition—changing the “space of life” according to the life cycle and the purpose of life. “Living population” refers to 1) people registered as residents in a city or county pursuant to Article 6-1 of the Resident Registration Act; 2) people who visit and stay in cities, counties, or districts for commuting, tourism, recreation, business, or regular exchange purposes and meet

the requirements specified by an executive order; and 3) foreigners who meet the requirements specified by local government ordinances (Special Act on Supporting Areas with Population Decline). Japan is increasing local economic vitality by expanding the living population and improving consumption power through various policies and pilot projects such as those directed at people who live in two regions, transient populations, and relational populations.

Creating attractive convenient spaces in regions can suppress the outflow of young people. The main policy tasks are as follows. First, the flexible residence should be institutionalized, and the living population should be expanded through the introduction of a multiple address system, the expansion of the living population, and local settlement support for foreigners and overseas Koreans. Second, the convenience of local residence should be promoted through smart living spaces and support for housing and mobility. Housing support, empty house remodeling, tax reductions for people with second homes, smart village development, support for demand-responsive transportation and mobility models, and improvement of mobility based on sharing should be promoted. Third, attractive spaces should be created, and opportunities for cultural enjoyment should be expanded. Support is needed for smart reduction that responds and adapts to population decline, cultural regeneration of unused facilities and creation of attractive spaces, and systematic management and creative use of local public facilities.

Policy Tasks and Project Examples

- Institutionalization of flexible residence and expansion of living population: Introduction of a multiple address system, expansion of the living and relational populations, and local settlement support for foreigners and overseas Koreans.
 - Smart living spaces and housing and mobility support: Housing support, empty house remodeling and mediation, tax reductions for second homes, smart village development, support for demand-responsive transportation and mobility models, and improvement of mobility based on sharing.
 - Creation of attractive spaces and expansion of opportunities for cultural enjoyment: Smart reduction, cultural regeneration of unused facilities and creation of attractive spaces, and systematic management and comprehensive use of local public facilities.
- Examples of support policy package projects: Pilot projects to expand living and relational populations, development of residential and living spaces to support local settlement, and comprehensive asset management of local unused and public facilities.

3. Expansion of production, income, and good jobs based on local resources

The most important task for responding to local extinction is job expansion. Education and jobs are cited as the top reasons for population movement. Accordingly, it is important to strengthen the power to create production and income and expand good jobs based on local resources.

The main policy tasks are as follows. First, it is necessary to create jobs in local regions and improve the productivity of local industries. Increased productivity and added value of local specialties will promote local economic vitality, and promoting digital transformation such as smart farms and smart factories will increase local productivity. In addition, incentives for promoting urban–rural exchanges and succession of family business should be provided by supporting urban residents' subscription economy for local specialties. Second, efforts to attract businesses and relocate public institutions should be expanded. To this end, innovative incentives should be provided when large and small businesses relocate to local regions, and the foundation of smart infrastructure that enables telecommuting and remote work through satellite offices and co-working spaces should be strengthened. Furthermore, it is necessary to extend the maximum period of stay for local specialized foreign workers and create spaces for co-working and vocation (work+vacation).

Policy Tasks and Project Examples

- Job creation and improvement of productivity of local industries: Branding and smartization of local industries such as agriculture, livestock, and fisheries; promoting succession of family business such as farming and living services; supporting subscription economy of local specialties; creation of jobs linked to the region, etc.
 - Promotion of business attraction and expansion of public institution relocation: Innovative tax reductions for large and small businesses relocating to local regions, extension of the maximum period of stay for local specialized foreign workers, expansion of spaces for workcation (work+vacation) including satellite offices and co-working, etc.
- Examples of support policy package projects: Establish and operate an integrated platform for regional settlement support for youth, cultivate new middle-aged migrant coordinators and regional managers, strengthen support for local startups and scale-ups.

4. Spreading a culture of coexistence through cooperation between regions

To respond to local extinction, a culture of coexistence must be spread through exchanges and cooperation between regions. Since the metropolitan area and large cities have achieved vitality and competitiveness through the inflow of local young people, the regions should promote exchanges and coexistence with rural villages that are experiencing population outflow. The Seoul Metropolitan Government has established a regional win-win plan (2019–2022) based on the ordinance on supporting win-win exchanges and is promoting a win-win community and sustainable balanced development through win-win projects between Seoul and local regions. Ways to expand the regional cross-subsidiary program for development profits in the Seoul metropolitan area, which was promoted by the Ministry of Land, Infrastructure and Transport, should be sought out as well. Second, functional areas (e.g., jobs, tourism, etc.) and living areas should be operated autonomously by the regions with decreasing populations, and the efficiency of supply of living services should be promoted by forming local government associations and special local governments. Flexible composition and operation of living areas should be promoted by supporting incentives and operating expenses to living areas for public use of public facilities and services, and jointly developing and marketing regional tourism routes between cities and counties. To cope with the problem of population decline and local extinction, Japan formed the Independent Living Area in 2009 and achieved positive results in strengthening living functions such as medical care. Third, it is necessary to create a sustainable regional community through regional management that involves resident participation and operation of an intermediate support organization.

Policy Tasks and Project Examples

- Exchanges and cooperation between regions and promotion of sharing living areas: Flexible establishment of living areas and operation of special local governments, expansion of incentives and operating expenses to living areas for use of public facilities and services, etc.
- Expansion of win-win programs with cities: Expand exchanges in personnel information, resources between cities and local regions, discover and expand the regional cross-subsidiary program for development profits in the Seoul metropolitan area, etc.
- Activation of regional management that involves resident participation: Create an intermediate support organization and a socioeconomic ecosystem within regions, preferential treatment for operating community businesses and for regional management enterprises, etc.
- Examples of support policy package projects: Purchase of regional specialties and promotion of urban–rural exchanges.

5. Strengthening of decentralization capabilities and empirical basis

To respond to local extinction, it is essential to strengthen decentralization capabilities and empirical bases. Although population decline is undeniably an essential factor causing local extinction, local extinction is accelerated by complex factors including dependent policies and practices of the central government, and macro- and micro-factors in the regional environment. While projects led by the central government and the central government's dependent behavior on state subsidies are minimized, decentralization capabilities should be strengthened by expanding the comprehensive budget and the collaborative budget of multiple ministries. The establishment of a decentralized plan led by the local regions will enable customized responses to local extinction. Changes in policy implementation of the central government, such as supporting the regions through consulting and signing a central–local agreement, are inevitable.

Measures should be prepared to improve the policy performance level by strengthening the empirical bases of policies responding to local extinction. It is necessary to measure local population and economic vitality through monitoring local population changes and managing key performance indicators (KPIs), and to improve the policy performance level by discovering and spreading best practices and success models in response to local extinction.

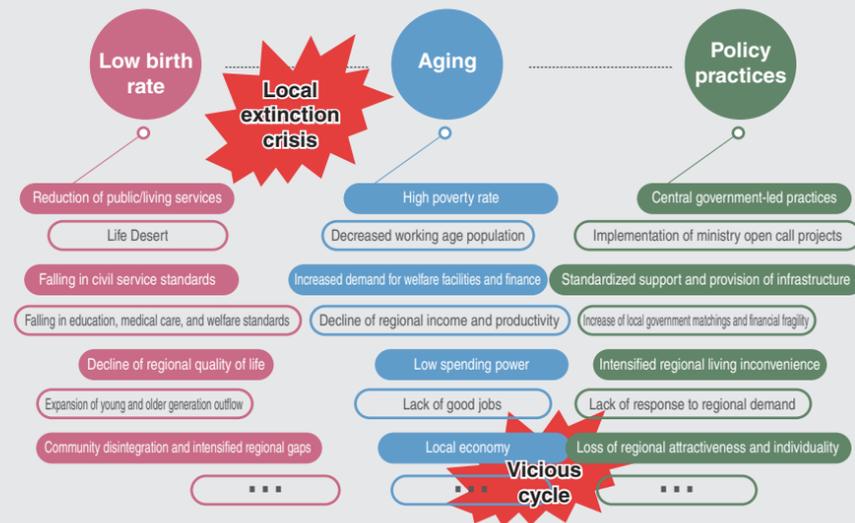
Policy Tasks and Project Examples

- Autonomous choice of regional-led decentralized plans and support measures: Regional-led planning and expansion of multiple ministries' collaboration support, autonomous selection and operation of support measures, and exceptions customized for the regions.
- Expansion of comprehensive subsidies and conclusion of central–local cooperation agreement: Planning-based budgeting for comprehensive subsidies and operation of central–local agreements; devise various financing measures such as the Local Extinction Response Fund and Hometown Love Donation.
- Monitoring responses to the local extinction crisis and spreading success models: Monitoring responses to the local extinction crisis, establishing and managing KPIs for measuring population and regional vitality, spread of best practices and success models, etc.
- Examples of support policy package projects: Establishment of a local extinction monitoring system based on big data

Factors that Cause and Accelerate Local Extinction

- Factors that cause local extinction can be largely divided into demographic aspects and non-demographic aspects
- (Demographic factors) (1) Low birth rate (decrease in fertility) due to unmarried, late-married, and single population and aging population resulting in natural population decline causes extinction and depopulation, and (2) social migration (outflow) caused by migration to metropolitan areas and local cities for jobs and education accelerates local extinction.
- (Non-demographic factors) It is argued that local extinction is intensified not only by demographic factors but also by policy implementation methods (such as public participation) that strengthen the dependence of local regions on central government subsidies.
- Hiroya Masuda (2014) refers to unpopulation and depopulation of local regions due to low birth rates, aging, and population migration to Tokyo as the "local extinction phenomenon."
- It has been argued that local extinction is caused by the local financial burden due to the increased maintenance and management costs of local public facilities that do not consider population decline. This is caused by dependency on central government subsidies, rather than population decline (economic commentator Jonen Tsukasa, 2015, Local Regions will not Disappear!).

* Decrease in settled population → Decrease in demand for facility use → Limitation in producing facility revenue → A vicious cycle of continuing deficits in facility operations



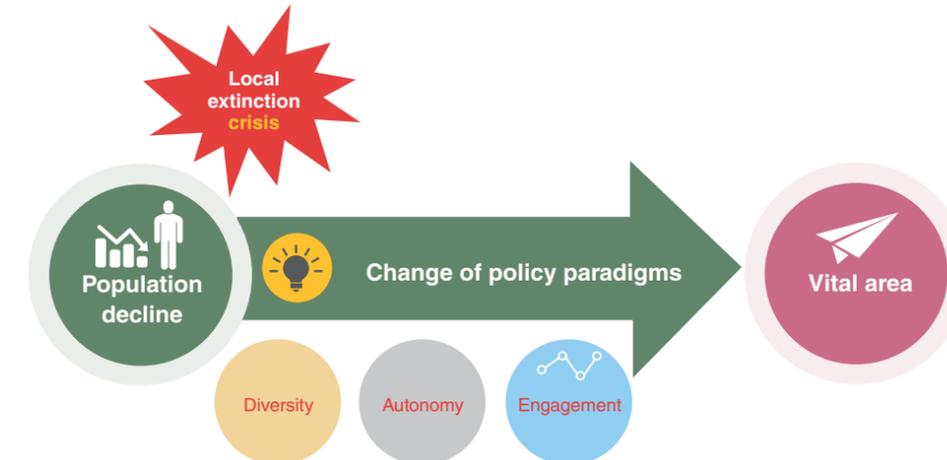
- Although population decline is undeniably an essential cause of local extinction, local extinction is accelerated by complex factors including dependent policies and practices of the central government, and macro- and micro-factors in the regional environment.

CHAPTER VI.

Conclusion

Policies responding to local extinction to achieve results should break away from the existing population and social policies and the policy approach led by the central government. In other words, the keywords for successful policy implementation are diversity, autonomy, and engagement.

Figure 15. Direction of Policies Responding to Local Extinction



In terms of diversity, a foundation for sustainable regional development should be established in the era of population decline by applying appropriate support policies and regulatory exceptions based on various conditions and characteristics of the regions. With respect to autonomy, support policies and regulatory exceptions should be autonomously selected and implemented by strengthening local initiatives, while securing a high level of satisfaction and quality of life for residents despite the population decline. In terms of engagement, bonds between regions based on various connections and cooperation between central and local governments and between the local governments should be strengthened to secure the quality of life and sustainability of residents in the era of population decline.

Within the framework of implementing policies responding to local extinction, available financial resources, such as the Local Extinction Response Funds, Hometown Love Donations, and Coexistent Local Development Funds, should be provided differentially according to each region. When subsidized projects are supported by central ministries, preferential support for regions with decreasing populations and collaboration among multiple ministries should be promoted. In addition, measures to improve the irrational support standards and systems created during the period of population growth are needed. In breaking away from the main support standards (e.g., population size, age, etc.) of the era of population growth, it is necessary to improve regulations and prepare new standards for local development in the era of population decline.

Table 4. Suggestions to Improve Regulations in the Era of Population Decline: Results of a Local Government Survey

Section	Suggestions for Regulation Improvement
Childcare and Education	<ul style="list-style-type: none"> • Integrated operation of kindergartens and daycare centers (Improve the Early Childhood Education Act) • Improvement of regulations on restrictions for educational subsidies (Regulations on local governments educational financing), etc.
Medical care and Health	<ul style="list-style-type: none"> • Change of the user standards for the senior citizen center in island areas (Current) 10 people → (Change) 5 people • Expanding the scope of support for procedure costs for infertile couples in population decreasing regions • Mitigation of standards for establishing health clinics (medically disadvantaged areas) etc. (Current) Less than 500-5,000 residents → (Change) 300-5,000 residents
Jobs and Industries	<ul style="list-style-type: none"> • Liquor tax reduction for traditional liquor in population decreasing regions (Current) 50/100 → (Change) 5/100 • Relaxation of standards for guest house business in rural areas and corporate tax reduction (Current) 2 years or more → (Change) 1 year or more • Relaxation of age restriction standards for successive agricultural managers (Current) under 50 → (Change) under 55 • Relaxation of eligibility criteria for supporting urban to rural returners and improvement of criteria for reduction of acquisition tax for self-cultivating farmers (range of working distance), etc.
Transferring and Returning to the Farm and Rural	<ul style="list-style-type: none"> • Improvement of eligibility to support funding for the settlement of farming practice for youth start-up farmers (Current) Maintain an independent management body (less than 3 years of independent management) → (Change) Expanding the scope of family business successors after registering an agricultural management body with parents • Relaxation of qualification requirements for urban to rural returners, etc.
Transportation/living convenience, etc.	<ul style="list-style-type: none"> • Expanding the scope of special transportation users (including pregnant women in the transportation vulnerable) • Relaxation of standards for small library facilities/library materials (Current) More than 1,000 books → (Changed) More than 500 books • Improvement of application procedures for extension of stay of multicultural families, etc.
Development of Housing and Settlement Base	<ul style="list-style-type: none"> • Relaxation of requirements for those eligible for return-to-farm start-ups and housing purchase support projects, and special exemption for transfer income tax for rural housing • Relaxation of restrictions on vacant housing maintenance and use of farmer's hut, etc.

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INDEX

Figures

Figure 1.	Population Trend of Korea and Population Death Cross by Cities, Counties, and Districts	07
Figure 2.	Distribution of Population Decrease Ratio in Cities, Counties, and Districts (2000–2020)	10
Figure 3.	Change in Local Government Units by Population Size and Prediction of Distribution in 2040	11
Figure 4.	Typing and Spatial Distribution According to Local Population Fluctuation Factors	12
Figure 5.	Extinction High-risk Regions by Cities, Counties, and Districts (2017–2117)	13
Figure 6.	Policy Implementation Status of the Central and Local Governments	15
Figure 7.	Regulations of the Special Act on Balanced National Development and Designation of Regions with Decreasing Populations	16
Figure 8.	Implementation Status of Local Governments' Pilot Projects Responding to Local Extinction	17
Figure 9.	Participants for On-site Investigation and In-depth Interview on the Pilot Project for Responding to Local Extinction	19
Figure 10.	Concept of Relational Population and Formulation of Relationships	21
Figure 11.	Changes in Depopulated Region Policy Goals and Policy Population	22
Figure 12.	France's Sparsely Populated Regions and Transient Population Distribution Areas	23
Figure 13.	Paradigm Shift of Policies Responding to Local Extinction	26
Figure 14.	Policy Goals and Strategies Responding to Local Extinction	27
Figure 15.	Direction of Policies Responding to Local Extinction	35

Tables

Table 1.	Comparison of Japan's Regional Revitalization Policy Details	20
Table 2.	Japan's Regional Revitalization Policy and Utilization of a New Population Concept	21
Table 3.	France's Second Home Distribution Rate (1982–2021)	24
Table 4.	Suggestions to Improve Regulations in the Era of Population Decline: Results of a Local Government Survey	36

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