

# Japanese Regional Development System – the case of Hokkaido

Professor of Teikyo University  
Masatake Wada

## **Preface**

This paper was prepared for an international conference on regional development policy, which was held in Warsaw, Poland in June, 2008. The conference was sponsored by Polish government and I made a presentation on Japanese regional development policy and introduced several development cases in Hokkaido.

## **1. Background**

Hokkaido is located in the northern part of Japan and its territory covers 22% of total Japan. Its size is almost the same of Austria.

In Edo Era (1600-1867), Hokkaido remained as an untouched area and its population was only 50 thousand. After the Meiji Restoration, the government actively pursued development and settlement policy and made great efforts to develop its infrastructure. The government also established state companies. Through this policy, Hokkaido started to develop and its population increased rapidly. Especially fishery, agriculture, forestry and mining industry were developed and in 1945, just after the Second World War, its population exceeded 4 millions.

Before the Second World War, Hokkaido was directly managed by the central government body and the Development Plan was drafted and implemented. Basic infrastructure was developed under this system. After the war, local self-government system was introduced and in Hokkaido, Hokkaido Regional Government was established and cities, towns and villages also had their own self-governments. But the territory of Hokkaido Regional Government is much larger than that of other prefectural governments. For instance, Kyushu island, whose size is around a half of Hokkaido is divided into 7 prefectures.

We can list up following characteristics in the Hokkaido regional development system.

First, a special centrally government organization was established for managing only Hokkaido region. Such regionally specified central governmental organization can be seen only for Hokkaido and Okinawa.

Second, under the Hokkaido Development Act, Development Plans have been drawn up periodically, basically every 10 years. This Development Plan intends to show development necessity of basic infrastructure in Hokkaido and accelerate its implementation by putting priorities among various projects.

Third, in order to implement these programs smoothly, special scheme of financial support system was prepared. As for public construction works in Hokkaido, all of the necessary national budget was managed by Hokkaido Development Agency through coordination among related Ministries such as Ministry of Construction, Ministry of Transportation and Ministry of Agriculture, Forestry and Fishery. This coordinating work has been made at the time of drafting the Hokkaido Development Plan. And expenditure for such public construction works, share of Hokkaido Regional Government expenditure is applied a special discount rate. More over special financing institute, Hokkaido-Tohoku Development Fund was established too, for financing private sectors under preferential conditions such as long term and low interest rate.

After the Second World War, Hokkaido drew up 6 Development Plans. These Plans showed the basic development concept and direction. Based on that, important large scale infrastructure projects such as roads, harbors, rail ways, air ports and large scale industrial parks were projected. Then necessary investment amount and their economic and social effects on Hokkaido region were calculated. The Plans were finally decided by the Cabinet after the discussions in Hokkaido Development Council which is operated by Hokkaido Development Agency (now Ministry of Infrastructure, Land and Transport).

Targets and contents of the Plans were changed according to the changes of global and Japanese economic situation and Hokkaido's development stage. The basic development strategy of Hokkaido was to utilize and develop the remaining rich natural resources and support settlement of the people safely and happily. At the first stage just after the war, Hokkaido was expected to become a base of supplying foodstuffs and to accept growing and returning population from former overseas territories. Then later, various large infrastructure projects were planed and implemented for developing her economy and now-a-days development of Hokkaido's identities has come to be emphasized, such as remaining natural beauty, her northern location and cultural heritages.

Today, through the 6 Development Plans, Hokkaido, which has 22% of total Japanese territory but only 4.5% population is enjoying well developed infrastructure compared with other regions. But from the view point of industrial structure, it is still biased to natural resources supply industry. Manufacturing industry has not been developed enough yet. For instance, share of manufacturing industries in the total Hokkaido GDP is less than 10%, compared with more than 20% of Japanese average. More over if we see her manufacturing sector's structure, in 2005 food processing industry dominated, and share of assembly industry is only 12%, compared with 48% in Japanese average.

So far, the basic development strategy for Hokkaido has been characterized by heavy infrastructure investment. It has developed excessive construction industry and they have come to require continuous infrastructure investment. And this situation could not give a good condition for diversifying its industrial structure.

Now Hokkaido has faced with the problems decreasing natural forestry and fishery resources. And there are many impoverishing areas which used to depend on coal mine industry. This change of the basic economic and social condition has to be considered in the future program of Hokkaido development.

As for fishery industry, 200 mile economic zone system was introduced internationally in 1976. After that, Japanese northern sea fishery, which was used to be main profit sources for Hokkaido fishery industry, was damaged greatly. In the case of coal industry, since around 1960's, energy revolution progressed rapidly and the shift from coal to oil as energy source happened. Then the important industrial sector, coal industry in Hokkaido started to decline. Hokkaido used to produce 20 million tons of coal annually but in 2002 the last coal mine was closed and the history of coal producing industry in Hokkaido was finished. Some areas, where depended on coal industry were greatly affected by closing mines and still have struggled with their economic decline and collapsing communities.

As for the agricultural products, Hokkaido is ranked as No.1 producing place for many products in Japan. Even such situation, global competition has been getting severe and has required the efforts to differentiate them from foreign and other regions' products.

Now Hokkaido's main development strategy seems to promote the change of her industrial structure to more advanced and high value added ones by not only inviting outside capitals but also fostering indigenous companies. Also, new type tourism industry becomes one of the important target to be promoted. However under the long lasted economic recession, Hokkaido's regional economy has been weakened and financial condition of many local self-governments is facing with very critical conditions.

In this paper, I will introduce several development cases in Hokkaido and try to extract some common lessons from them.

## **2. Rise and Fall of Coal Industry and the Regional Economy - the case of Yubari city**

In Edo Era, Hokkaido was an untouched frontier and Meiji government started geological survey actively. Then various metal ores and good quality coal deposit were discovered in several places mainly in the inland areas of the central Hokkaido. In the early stage, Meiji government made efforts for establishing infrastructure such as roads, harbors, rail ways and educational institutes and also investing in mining and manufacturing industries. Some of these activities were handed over to private sector in 1888. Since then big capitals in the main island such as Mitsubishi and Mitsui started to invest coal mines in Hokkaido and inland part of Hokkaido started to be developed.

Domestic coal production in 1891 was 4.8 million tons and reached at 20.5 million tons in 1915, which is four times larger than that of 1891. 58% of this amount was produced in Kyushu island and 13%, 2.7 million tons, was produced in Hokkaido. After that, production in Hokkaido increased gradually and share of total production also increased. The peak production year was 1940 and the figure was 56.3million tons and in that year, Hokkaido's share was 26.8%.

After the war, coal was thought as the very important indigenous energy source and the government strongly supported to increase the production. The production level was dropped to 29.9 million tons in 1945, and then recovered to 51.2 million tons in 1960. But in this recovery, various protective and supportive policy measures were applied. These measures were restriction of using heavy oil for boilers, regulation of importing coal, duty of using domestic coal for electric

power companies, so on. More over, special financial support scheme was established by using the income from tariff charged on imported oil. Under the threat and competition against cheap imported oil and coal, domestic coal industry made efforts to modernize their production system and tried to decrease production cost by getting government supports. But gradually it became clear that it could be very difficult for the domestic coal mines to keep their business for a long term. Government decided to change the protecting policy and started the smoothly phasing out policy. The production of domestic coal was 49.5 million tons in 1965 then 39.7 million tons in 1970, 19million tons in 1975 and less than 10 million tons in 1990. Finally in 2002 the last commercial coal mine which was in Hokkaido was closed.

The post war period, coal production in Hokkaido increased rapidly and became the center of coal production in Japan. In 1975, 65% of domestic coal was produced in Hokkaido. At that time many coal mines in Kyushu started to be closed, but in Hokkaido, new coal mines were still opened. This means that Hokkaido coal mine regions missed the chances to diversify and change their industrial features. Because high economic growth period was over in 1970's after the oil crisis and Japan entered into the moderate growth period. Under this new economic environment, it became difficult for coal mine regions to invite new investments from outside and find out new business chances. In addition, Hokkaido's coal mines were located in the mountainous inland areas and this condition could not attract investments from outside.

Yubari was used to be a very dynamic coal mine city in Hokkaido. The production started in 1890 and the population grew to 70 thousand in 1943 and Yubari got a title of city. After the war, new coal mines opened and the production of coal reached 4million tons in 1960. At that time the population reached its peak, namely 120 thousand. City economy was very dynamic and consumer goods such as newly commercialized TV sets and refrigerators were sold very well. But around 1965, government coal policy was changed from protection policy to liberal policy and also the production condition in the coal mines had become deteriorated. In 1980's, Yubari had several big mine disasters and closures of mines were taken place. In 1990, South Oh-Yubari mine, which was opened in 1965 with a big hope for the region's future was closed. It meant the end of 100 years history of Yubari coal industry. Now the population of Yubari is only 12 thousand, one tenth of her peak level.

By the way, as early as 1960', Yubari city started to make adjustment efforts for their future, considering the time when coal mines has to close their operation. We can see a successful case in Yubari- melon project.

Yubari is located in mountainous area and they have a lot of sloped land which is not suitable for rice growing but climate there is good for growing some fruits and vegetables. So, utilizing the region's climate characters and also expecting commercially profitable business, they selected melon, asparagus, yam potato and strawberry. Then test growing started. In 1960, several farmers established "Melon Growing Union" and tried to develop new breeding melon which fit to the climate and soil condition of the region.

After many trials and errors, they finally succeeded to develop a delicious and strong melon plant.

Very strict quality control system was introduced under the sales union and Tokyo market was targeted. The strategy was proved to be right and good reputation and good brand image of Yubari melon was established. Now it is a main agricultural product in Yubari. During the period, city government supported to develop new products based on Yubari –melon such as melon jelly, melon ice cream, melon wine and brandy, then constructed agricultural products processing factory, which was named as “Melon Castle”, at the top of a hill. This building has a shopping space and tour course to see the producing process.

On the other hand, development of tourism business, based on the old coal production facilities and closed mines was attempted by the city government. In 1979, the mayor of the city announced a concept of “Historical Village of Coal” and the next year the concept moved to be realized. In the village, “Coal Museum”, “Pavilion of Coal Miners’ Daily Life”, “Restaurant on the water”, and large scale leisure facilities were built till 1983. After that, various facilities and buildings were added. In these years the central government promoted and supported development of leisure industries and started a leisure boom in Japan. The Theme Park was busy in 1990’s but the boom was over in 2000’s and numbers of visitors to the park dropped heavily.

We can see Yubari city made various efforts for stopping the flowing out of the population and maintain the city’s economic activities by looking for new business seeds for the region. But many attempts could not make a good profit and continue the business. In 2007, “Historical Village of Coal” was bankrupted and many leisure facilities were demolished and more over Yubari city itself announced their bankruptcy in 2008.

Today, Yubari city shifted their approach for tourism from capital intensive facility oriented one to less capital intensive one. For instance, community volunteer people started a project in which they will plant 50,000 cherry trees and maple trees in the area in 5 years. In several years, visitors will be able to enjoy cherry blossoms in spring and red colored leaves in autumn. This project is supported by a local company.

There are other movements to promote tourism business. One is to re-evaluate the closed coal mines as a historical industrial heritage and utilize for tourism again. The other one is to promote the city as a cinema city. Yubari city became the stages for famous Japanese cinemas several times. Yubari city has held Yubari International Cinema Festival for many years and this festival is now supported by not only the city but the volunteers. Now we can see many world famous old cinema’s posters which were painted on the walls on the streets and they remind us the city as a “Cinema City”. We can feel the local people’s strong will to revive the city not by depending on government but by their hands.

The case of Yubari city shows us the life cycle of industry and a fate of the city which depends on the specific industry. The city had recognized the future’s uncertainty and started to prepare for the future economic decline, but the approach was capital intensive one which could get financial supports from government. However, the approach could not save the city. And now other approaches started to be tried. In the new approach, main players are community people.

The revitalization of coal mines regions has been an important policy issue both in the National

Development Plan and Hokkaido Development Plan, but their approach were standardized under the national policy and became similar each other. The case of Yubari today seems to be getting independence from national similar program and to be seeking for their own identities.

### **3. Development of Tokachi Wine**

Tokachi region is a wide plain, located in the south east of Hokkaido. This region is known as the center of agriculture and milk processing industry in Hokkaido and has many unique confectionary companies. Current economic situation seems to be relatively good.

In this region, there is a small town, named “Ikeda” whose population is around 8 thousand. Today this town is famous as a wine producing town. There was a unique mayor who made great efforts to vitalize the town’s economy.

In early 1950’s, Tokachi region was hit by natural disasters very often. In 1952, they had a strong earth quake. Two years later, they had very bad harvest by cold weather for two years. The local economy was almost exhausted.

The young mayor thought of the measures how to overcome this serious situation. Once he saw wild grapes in the slope of the near mountains, which ripened well even in the cold weather, he wanted to utilize the grapes for a new business and to make farmers’ income increase. At that time, it was believed Hokkaido was too cold to produce a good wine. But in 1960, with the mayor’s proposal, young farmers showed their interest and established “Tokachi Grapes Association”. The challenging task to make wine in Tokachi started. Town government has been involved in this business from the first stage. Town government got a permission to produce wine. It was the first case in Japan that public authority to get the permission and start to operate a wine brewery by themselves. They got various technological information and business advises from professors and business people and stepped in the test fermentation. A turning point appeared soon. Newly brewed wine from local wild grapes was sent to the 4th International Wine Contest in Budapest in 1964 and got a bronze medal. This award encouraged local farmers very much and they believed wine production could become a good business for them.

Ikeda town established experimental laboratory to create new breed grapes which will keep the special taste of the wild grapes and also can grow in the farmers’ vineyard. Ikeda town begin to operate her own vineyard and promote to grow grapes in the town. Various fine breed grape trees were created and new products were also developed. They are producing various different taste wines, brandy, fruits liqueurs. Then town government built a European castle like building on a hill. The building has a wine producing factory, storage house, shop space and restaurant. At the restaurant, visitors can enjoy the special dishes using Ikeda’s agricultural products with Ikeda wine. The building is called as “Ikeda Wine Castle” and has become a famous tourism spot in Tokachi region.

Later the restaurant opened branch shops in Sapporo and Tokyo for advertising Tokachi wine and Ikeda’s meat and vegetables.

Today there is 45 ha vineyard in Ikeda town. 35 ha is operated by town and remaining 10 ha is

owned by 14 local farmers. Ikeda town produced 1118kl wine in 1975 and then increased to 2266kl in 1998. At that time a red wine boom prevailed in Japan. Since then, production declined to 751kl in 2006. Japanese market is still expanding, but imported wine's market share has increased. Market competition has getting severe but so far town government officials are not pessimistic for their business in the future.

In the case of Ikeda wine, town government's role is very important but the participating minds of town people to town's activities is very strong and they hold Ikeda Wine Festival in every autumn. At that time roasted whole cows are served with wine at the garden of the Wine Castle.

The case of Ikeda Wine, we can understand the various initiatives of town government encouraged the town people to participate the project and gradually town people started to act by themselves for activating their home town.

Sales of the wine business in Ikeda town reached 2300million yen at the peak year in 1998. Considering the employment and other related business, the wine business has very big effect on the town's economy. If we consider the figure of budgetary income, 6000 million yen annually, we can easily understand the wine related businesses have very important role in the town's economy. By the way, Ikeda wine business was not listed in the Hokkaido Development Plan.

#### **4. Tomakomai-East Development Project**

In Hokkaido, diversification of industries has been an important strategy. When some doubt about the future of coal industry in Hokkaido was observed, it became the most important policy issue which Hokkaido had to tackle with and it was also one of the main subjects in the 3<sup>rd</sup> Hokkaido Development Plan. In the latter half of 1960's , a challenging big project, Tomakomai-East Development Project was proposed. This project was to establish a large scale sea coast industrial park by developing the wild field which located in the east of Tomakomai city. This project was listed up in the third Hokkaido Development Plan and authorized by Cabinet and moved to implementation. At that time, Japan enjoyed its high economic growth period and the National Development Plan also pointed out the necessity of development of new industrial areas .

Tomakomai East Development Project targeted to create a new type of industrial zone, namely clean and safety industrial zone. It was thought that industrial zone should be separated from residential and commercial areas and it should be surrounded by greenery. In the plan, a large scale inland harbor was built and industrial location site of 10000 ha was prepared for inviting iron & steel industry, oil refinery, petrochemical industry, non-ferrous metal industry and automobile industry. The target year was the late of 1980's and at that time employment was anticipated as 50 thousand. For operating the project the third sector organization was established by the central government, Hokkaido regional government and private sector in Hokkaido. But the economic precondition for the project was changed. After the oil crisis in 1974 and 1979, Japanese economy had to change the industrial structure from heavy and chemical industry to more sophisticated and less energy consumed industries. Under this new situation, demand for the new industrial location decreased.

Even these circumstances, the central government and Hokkaido government did not revise the basic concept of the Development Plan and we had to wait for the all over revision of the Tomakomai East project till 1995. Through this revision, introduction of heavy, and chemical industry to the zone was abandoned and research and software oriented industries became the new targets to be invited. During those years, interest of invested loans were accumulated and the third sector organization was almost bankrupted and new financial supports were required. Recently automobile related industry and electronics industry have become active to invest in domestic location and we could observe the gradual investments of them in Tomakomai East area.

Tomakomai East Development Project was the case of a large scale project listed up both in the National and Hokkaido Development Plan. In the Development Plan, it was forecasted and calculated the amount of investment for the projects. However many of these projects were infrastructure development projects and users of the infrastructure were mainly private companies. Investment behavior of private sector was effected by general economic condition and it is difficult to forecast their behavior accurately. Tomakomai East project was a big industrial infrastructure project which was strongly expected by both Hokkaido and the central government and big amount public money was invested. However the result was not satisfied enough because of the change of the basic economic circumstance.

Once the plan was authorized by government, it seems to be difficult to revise it flexibly. We should understand this kind of rigidity of the governmental plan and necessity of flexibility to the changing real world.

## **5. Akan Hot-spring Community Vitalization Project**

Akan is a famous tourism resort, located in the inland of the east of Hokkaido. It is famous for magnificent volcanoes, beautiful volcanic-lake which was created by eruption of volcanoes, scarcity valuable "Marimo" (a ball shaped water-weed which is found only in Akan lake), hot springs and Ainu traditional cultural heritage. The well known resort place is also located in a National Park.

Population of Akan hot spring community is 1600 and average number of visitors is 4-5 thousand people a day.

Around 10 years ago, volunteer members of the community got together and established Akan Hot-spring Community Development Council. The council made a 10 year plan for the community's business promotion. The plan contains basic concept of development of the community and concrete projects and action programs. And it is decided the plan should be revised every three years. For implementing the programs, the council was reformed to NPO in 2005. Today the NPO was composed of 127 members and almost all hotels, restaurants, souvenir shops and some representatives for people living in the community area. 127 members belong to appropriate committees and responsible to draw up their action programs and to implement them. The programs are required to show clear visible results.

For these ten years, they have provided very fine and thoughtful services to visitors. I can introduce some of them here. They are promotional events of Ainu traditional culture such as

performance of Ainu dancing, torch procession at night, establishment of climbing trails of mountains, maintenance of walking and cycling roads, promotion of planting flowers on the streets, settlement of hot spring foot bath places, setting up a guide service group for foreigners, and many others.

The uniqueness of this organization is the active attitude to utilize the existing national and local government's various support programs. Thanks to this, they can get a quarter of expenditures for projects from local government and a half of it from the central government. Recently the central government changed their policy implementation system from applying standardized programs to all of regions to selective support to the projects which are proposed by local initiatives. In this sense Akan NPO's approach can be a model of recent regional development system.

The case of Akan Hot-spring Community seems to be very different from the case of Ikeda town. In the case of Ikeda town, the active local government moved first and initiated the projects, then town people gradually came to follow the direction which the town government showed. But the case of Akan, the projects are basically selected deliberately by the community people and are proposed to the government to get their supports. Their active initiatives convince the governments to support the community people's proposals. But we can also observe the common factors in both cases. It is the strong will of community people and town people to want to do something for their community and town. And we can recognize the importance of leadership who can lead and coordinate the different minded people in a small circle.

## **6. Conclusion**

Hokkaido has been a special region which has been supported heavily by the central government. Hokkaido has drawn up her own Development Plan and has decided the development plan of the basic infrastructure, large scale public facilities and buildings. Today the condition of social public infrastructure is well developed. However, such infrastructure should be utilized effectively and create a visible good results to the local communities.

It is no doubt that drafting a regional development plan is very important task. Now what we have to think is how the plan is accepted by regions and regional people and what results can be drawn out from them. There are many cases of regional development in Hokkaido and in this paper, I just picked up very limited number of cases, but to some extent these cases are showing us some important suggestions for regional development work.

## Annex

# Historical Review of Japanese Regional Development Policy in the Postwar Period

### 1. 1945~55 Reconstruction Period

- ~1949 Reconstruction of the damaged industrial facilities was the most urgent policy task. Concentrated investment policy on specific industrial sectors, such as coal mining, steel industry, cement industry, was taken. Traditional 4 major industrial areas (Tokyo bay area, Nagoya, Osaka bay area and Northern Kyushu area) started to recover.
- 1959~1955 Economic boom under the Korean War. Recovery of the light industries was finished and export expanded rapidly. Transfer ex-military facilities to private sector's hands. Marine arsenals were changed to new industrial sites. Shipbuilding docks and oil refineries were reopened.

### 2. 1955~1965 High Economic Growth Period (I)

- More than 10% GDP growth rate continued for more than 10 years. Rapid modernization of all industrial sectors by introducing advanced foreign technologies was completed. But FDIs did not contribute to the economic development in Japan.
- Industrial location policy started. There was strong demand for new industrial site. At first existing industrial areas were expanded, then new sites were exploited. Large scale land fill projects created new coastal industrial sites.
- Big investments were made for developing industrial infrastructure such as roads, rail ways, power stations, industrial parks and industrial water supply systems.
- \* the latter half of 1950's: Expansion of existing industrial areas and investment on infrastructure development.
- 1955 Report of Council of Industrial Rationalization stressed urgent needs for industrial infrastructure development.
- 1956 "Industrial Water Supply System Law" was enacted.
- 1959 "Special Law for Developing Port Facilities" was enacted.
- \*the first half of 1960's : Air and water pollution problems became serious. Restriction policy for location of industries in the metropolitan area was introduced. But still demand of new industrial sites were very strong and the construction concept of new industrial cities was announced.
- 1959 "Restriction Law on Industrial Location in the Metropolitan Area" was enacted.
- 1960 "National Plan of Double Income" was announced.
- 1962 "Promotion Law for Construction of New Industrial Cities"
- Under this law, 20 cities were appointed as a new industrial city and big investment projects for facilitating industrial infrastructure were decided.

1962 “National General Spatial Development Plan” was announced.

### 3. 1965~1975 High Economic Growth Period (2)

High economic growth continued and still demand for industrial sites was strong.

Diversification of industrial location all over the nation was proceeded.

\* There were struggles with pollution problems and gradually they were solved successfully by introducing very strict regulations.

1967 “Basic Law of Industrial Pollution Prevention” (later renamed to “Basic Law of Protection of Environment”) was introduced and strengthen the regulations.

1971 “Agency of Environment” was established as a ministerial body.

\* Construction project of large industrial areas was started for answering the strong demand from industries.

1968 “New National General Spatial Plan” was announced. It estimated annual growth rate would be 8% for 10 years and GDP in 1985 would be 4 or 5 times bigger than 1965. It also pointed out more than 200 thousand-ha new industrial site would be needed

1971~72 “Development plan of Tomakomai East (Hokkaido) and Mutsu-Ogawara (Aomori) were decided by the Cabinet. These area were located in remote and un-developed regions

\* Penetration of industrial activities to remote inland areas.

1971 “Law of Introduction of Industry to Agricultural Area” was enacted.

Agricultural area had been changed and lost large population. For preventing the collapse of agricultural communities, introduction of industries was thought to be useful.

\* Concept on suitable and fair arrangement of industrial location was appeared.

“Japan Reconstruction Plan” was announced.

1972 “Rearrangement Law of Industrial Sites” was enacted.

This law intended to move industries out from much industry accumulated areas to non accumulated areas by giving companies various incentives.

### 4. the Oil crisis ~1985: Period of Moderate Economic Growth

There was a shift from conventional heavy industry to high technology industries as a leading sector.

Rapid change of industrial structure forced to change the contents of demand of industrial sites.

1987 “The third National General Spatial Development Plan” was announced.

It stressed necessity of change of life style for the “Post Industrial Nation” and proposed “Pastoral City Concept” for local cities where the local people can enjoy their life to stay. 200~300 cities were selected as model cities.

1980 “Techno-Polis” Concept was proposed.

This concept stressed the necessity to create a new type of industrial city which is very dynamic and creative for fostering high technology industries inside.

1983 “Promotion Law of Development of High Tech-industry Accumulated Area” (“Law of Techno-Polis”) was enacted.

26 areas were selected as candidates for Techno-Polis and facilitated R&D institutions, communication networks among various talented people, and improved city functions for attracting talented people and high tech companies.

## **5. 1985~the Bubble Economy(1993)**

\* Evaluated yen and heated up the economy.

Many industries lost their international competitiveness. Some of them went out abroad for surviving.

\* Big economic boom in Tokyo.

Japan entered into a new phase of re-arrangement of industrial location. Necessity of transfer of headquarters functions to rural areas were discussed for diversifying too much accumulated Tokyo’s function.

\* Rearrangement policy of industries for revitalizing local economies

1985 “Special Promotion Law for Smooth Shift of Industrial Structure” was enacted.

Local economies where the specific industries, suffered from the evaluated yen located, were supported by government for finding new directions to move to.

1988 “Promotion Law of Accumulation of Special Industries which can make regional industrial structure more advanced” was enacted.

## **6. After Bubble Economy~Today**

Long recession and slowly recovery was proceeded under the IT revolution and Globalization Era.

Severe competition among countries, among regions and among companies.

International division of labor on industrial location has been developed and efforts for seeking Japanese potential and future role under the new environment has been made..

\* Cluster Model” and Venture Business support policy

2001 “Concept of Industrial Cluster” was introduced.

19 clusters were appointed by the Government. Under this program, each region should create a new network among private sector, academic sector and public sector, support R&D activities based on the local resources, and facilitate venture business creation.

2007 “Promotion Law to Attract New Industries and Create Dynamic Industrial Areas” was enacted.

Japanese economy recovered and investment in home land has come back. Local governments’ efforts to attract knowledge based high tech investment are tested.

## **7. Several findings from Japanese experiences**

\* Central and regional governments made a great efforts to develop and create favorable

conditions for industrial development. Concentrated investment on industrial infrastructure such as roads, rail ways, ports, industrial parks, water supply system so on were needed at the first stage.

- \* Japan faced with the problems of industrial pollutions in the high economic growth period and solved by introducing strict regulations. Too much accumulation of industrial activities at one place should be avoided.
- \* Diversification of industrial location was realized by the long lasted high economic growth.
- \* FDIs were not main contributors to Japanese economic development in the Post War Period. Domestic capitals were expanded their activities nation wide and realized today's rather equalized regional economic structure.
- \* After getting production activities from outside, regions need to introduce more knowledge based functions such as R&D activities and headquarters functions.
- \* Final stage for regional development is to foster self-development capacity.

### **List of reference**

1. S.Koiso and M. Yamazaki; "Sengo Hokkaido Kaihatsu no Kiseki (Locus of Hokkaido Development in the post-war period, 1945-2006)", Hokkaido Kaihatsu Kyokai, 2007.6
2. M.Onuma; "Hokkaido Sangyo-shi (History of Industry in Hokkaido)", Hokkaido University Press, 2002.11
3. "Hokkaido Dosei Yoran (Hokkaido Statistical Book), Hokkaido Tokei Kyokai, 2007
4. "Hokkaido Development for New Age (English)", Hokkaido Bureau, Ministry of Land, Infrastructure and Transportation, 2008
5. "Ikeda-cho" (Pamphlet), Ikeda-cho Kanko Kyokai, 2008
6. "Business summary (English)", Akan Tourism Association, 2008
7. "Yubari Gaiyo Setsumeimei (Brief information and explanation about Yubari)- Pamphlet", Yubari city, 2008
8. "Hokkaido Kaihatsu Cho 20 nen-shi (20 year history of Hokkaido Development Agency)", Hokkaido Development Agency, 1972.9