

Japan's New Spatial Development Strategy: Challenges of the 21st Century

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Abstract. The socio-economic consequences of regional unevenness remain one of the major problems of Japan's development in the 21st century. Despite some success in regional economic policy, the main quantitative indicators of territorial-economic proportions or lack thereof have changed little over the past 30 years despite certain successes of regional economic policy.

However, a number of internal and external factors have made it necessary to adjust approaches to regional strategic planning. These include globalization and the changing positioning of Japan in the world market, the partial loss of competitive positions in Asian markets, and increased competition between "international" cities for foreign investment. Internal factors include the decline of the Japanese population at a rate higher than previously expected, changes in people's lifestyles and shifts in their value system, the increasing importance of such of its components as stability, security, favorable environmental conditions, attractive landscapes, and diversification of lifestyles.

The new strategy of the 21st century is based on the idea of creating a multi-layered "compact and networked territorial structure", which should ensure the availability of social services for residents of all localities by optimizing the social infrastructure and forming "new urban cores". The economic development of regions should focus on the development of industries that rely on local resources and take into account local specifics, as well as the creation of "ecosystems" of innovations.

Along with vitalizing regional and rural economy, Japan's New Spatial Strategy also aims to adjust the excessive concentration of population and economic potential of large megacities (primarily Tokyo) and at the same time strengthen their global competitiveness.

As necessary conditions for achieving the ambitious goals, the Spatial Development Strategy calls for achieving economic growth, increasing industrial productivity, building innovation through regional resources and interregional cooperation, increasing the participation of women and senior persons in work and public life, using modern "smart" technologies, and sharing economy formats.

The traditional imperative in formulating Japan's spatial development strategy remains the obvious desire to solve the problems of territorial unevenness in conjunction with solving other socio-economic problems of the country, in particular, the problems of environment and demographic decline (which is especially noticeable in the regions), issues of upgrading economic and social infrastructure.

Keywords: Japan, regional development, spatial development strategy, sustainable development goals.

Japan's regional policy has a long history. It was formed as early as in the last third of the 19th century, when the government started to support or, rather, settle remote areas of the country (primarily the island of Hokkaido). After the Second World War, as the Comprehensive National Development Act was adopted in 1950, this policy acquired a consistent and systematic character and became an integral part of national economic policy.

Regional Disproportions in the 21st Century

During its more than a hundred-year-long history, the regional policy of the Japanese government acquired an institutional structure as well as flexible and effective tools. Regularly adopted governmental plans and programs, for example, the internationally renowned project to create technopoles [Timonina 1992, Timonina 2002], were quite successful. However, despite the existing achievements in correcting the regional imbalances, the socio-economic consequences of regional unevenness remain one of the major problems of Japan's development in the 21st century.

Among the positive effects of regional policy, one can note the decrease in the difference in per capita income between the richest and the poorest region of Japan in the 21st century. While, in 2006, the per capita income in Tokyo was 2,9 times that in the Okinawa Prefecture, in 2015, this indicator decreased to 2,5.¹ According to this indicator, Japan occupies a rather high 10th place among the OECD countries. The interregional Gini coefficient (by per capita income) in Japan is one of the lowest in the OECD (second from the end). And, generally speaking, according to the OECD experts, Japan's peripheral areas seem quite successful in terms of welfare and quality of life, judging by the standards of the organization [OECD 2016, pp. 11, 195]. At the same time, Japan still experiences the hyper-concentration of population in large cities with population of more than 500,000 people (in Japan, 70 percent of the population live in such cities, compared to the OECD average of 55 percent) [OECD 2019, p. 42].

A similar situation can be observed as far as the concentration of economic activity is concerned. In 2001-2014, the share of leading prefectures in the composition of the nation's GDP, including that in the most important industries, has hardly changed (see Table 1).

¹ Based on the data from: Ranking (Prefectural Data). <https://www.e-stat.go.jp/en/regional-statistics/ssdsvew/prefectures/rank>

Table 1

Dynamics of regional concentration
of gross prefectural domestic product (GDP)
(2001-2014, in 2005 prices, mil. yen, percent)²

GDP/GDP	2001 mil. yen	Share of 5 leading prefectures (percentage)		2014 mil. yen	Share of 5 leading prefectures (percentage)
Japan, total	520999,4		Japan, total	514296,3	
1 Tokyo	94 986,1		1 Tokyo	94902,1	
2 Osaka	40 371,3		2 Osaka	37934,0	
3 Aichi	33 508,8		3 Aichi	35990,3	
4 Kanagawa	30 708,2		4 Kanagawa	30322,0	
5 Hokkaido	20 213,4		5 Saitama	20914,4	
Total of the 5 prefectures	219787,9	42,2	Total of the 5 prefectures	220062,8	42,7
Finance and insurance in GDP/GDP	2001 mil. yen			2014 mil. yen	
Japan, total	29345,5		Japan, total	23416,6	
1 Tokyo	10288,1		1 Tokyo	9021,8	
2 Osaka	2481,2		2 Osaka	1580,8	
3 Aichi	1445,5		3 Kanagawa	1017,1	
4 Kanagawa	1235,1		4 Aichi	974,9	
5 Shizuoka	922,0		5 Saitama	731,4	
Total of the 5 prefectures	16372,0	55,7	Total of the 5 prefectures	13325,9	56,9

² Based on the data from: Ibid.

Manufacturing industry in GDP/DPDP	2001 mil. yen		2014 mil. yen		
Japan, total	97374,1		Japan, total	94662,2	
1 Aichi	10324,9		1 Aichi	12005,0	
2 Tokyo	7794,4		2 Tokyo	6540,8	
3 Kanagawa	6562,0		3 Osaka	5394,3	
4 Osaka	6108,7		4 Shizuoka	5368,7	
5 Shizuoka	5372,4		5 Kanagawa	4930,8	
Total of the 5 prefectures	36162,5	37,1	Total of the 5 prefectures	34239,7	36,2

Comparing the situation in Japan to that in other OECD member countries, one can note that large cities in Japan produced 80 percent of the nation's GDP growth in 2016 (the Tokyo metropolis³ alone produced 37 percent of growth), while the OECD average was 68 percent. The capital region produces approximately a third of the nation's GNP (and this indicator even somewhat increased in 2000-2016) [OECD 2018, pp. 21, 97], and the overwhelming majority of jobs is created here (first place in terms of the share of jobs created in capital cities in the national ranking among the OECD member countries in 2006-2016) [OECD 2019, p. 42].

According to the Bank of Japan data, in 2015-2018, 64 percent of new enterprises were located in the three most developed regions of the country, Kantō-Kōshin'etsu,⁴ Tōkai, and Kinki, which is approximately the same as the indicators from 20 or 30 years ago, while the territorially large region of Hokkaido hosted only 2 percent [BOJ 2020, Table 5]. As far as the creation of added value

³ In this context, this refers to Tokyo and 3 prefectures – Saitama, Chiba, and Kanagawa.

⁴ Kōshin'etsu – the former Chūbu region.

in industry is concerned, the regions of Kantō, Kinki, and Chūbu lead as well. Their share in the national total has only slightly declined: 1995 – 71,5 percent, 2000 – 68,9 percent, 2005 – 71,8 percent, 2017 – 66,7 percent. A similar situation can be observed in the distribution of consumer expenses, investment, and exports.⁵

The situation with local finances remains quite difficult as well. The vast majority of prefectures in Japan are “subsidized”. In 2017-2018, the share of local taxes in the revenue part of prefectural budgets was 30,2 percent and 31,7 percent [MIC (Sōmushō) 2020, p. 16]. Of note are also the remaining inter-regional structural differences, which can be evaluated by the so-called “location quotient”, which is a quantitative estimate of the concentration of a specific industry, cluster, type of occupation, or demographic group in the region in comparison to the national average. The location quotient is calculated by the following formula:

$\frac{1}{2} * [\text{the share of the first industry in the nation's economy minus the share of the first industry in the region's economy} + \text{the share of the second industry in the nation's economy minus the share of the second industry in the region's economy} + \dots + \text{the share of the N}^{\text{th}} \text{ industry in the nation's economy minus the share of the N}^{\text{th}} \text{ industry in the region's economy}]$.

The regions with economic structure close to that of the nation as a whole have location quotients close to zero. Regions with specific economic structure have location quotients approaching one.

The economic structure of the regions of Kinki and Kantō is closest to that of the national economy, which, given their superior macroeconomic indicators, demonstrates that the said regions continue being the backbone of the nation's economy. At the same time, the greatest differences from the structure of the nation's economy can be observed in “peripheral” regions – Hokkaido and Okinawa (see Table 2).

⁵ See: [METI 2010, pp. 16, 20]; Ranking (Prefectural Data). <https://www.e-stat.go.jp/en/regional-statistics/ssdsview/prefectures/rank>

Table 2

Dynamics of the location quotient by Japan's economic regions
(1995-2005)⁶

Economic region/year	1995	2000	2005
Hokkaidō	0,1861	0,1710	0,1720
Tōhoku	0,0981	0,0901	0,0734
Kantō	0,0433	0,0392	0,0468
Chūbu	0,1268	0,1457	0,1645
Kinki	0,0416	0,0379	0,0394
Chūgoku	0,0842	0,0909	0,1260
Shikoku	0,1036	0,0888	0,0911
Kyūshū	0,0983	0,0781	0,0665
Okinawa	0,2829	0,2680	0,2242

Therefore, the quantitative indicators of territorial-economic proportions/disproportions have changed little over the recent 30 years. Accordingly, the problems engendered by these – the excessive concentration of population, economic resources and functions in the central regions and the lack of investment, population outflow, weak economic activity in peripheral areas – have not lost their significance. At the same time, the qualitative contents of “traditional” issues of uneven territorial development has, of course, changed in the 21st century, becoming increasingly complex and diversified.

Here, it is worth mentioning about the conclusions concerning the new conditions and contents of regional policy made by the OECD Regional Development Policy Committee. The Committee's experts believe that measuring the regional imbalances while taking into consideration various indicators of the people's welfare uncovers greater imbalances than in the case of measuring only the income levels. Accordingly, regional policy should not focus only on the tasks of

⁶ Calculated with data from: [METI 2010, p. 39].

equalizing the levels of income, economic growth, and competitiveness by territories, but rather account for all aspects of the residents' life, the issues of sustainability of local communities, taking into consideration the specifics, the unique features and potential of particular regions.

Hence, the experts conclude, regional policy at the national level is not limited to a certain set of directions, it is tightly intertwined with almost all other areas of national economic policy – promotion of economic growth and innovation, transport, energy, housing policies and others, i.e., it is a “policy of policies”. One more message of the Committee’s document consists in the necessity to involve in the regional policy not only the state, but also non-governmental organizations, the private sector, international organizations [OECD 2019, p. 23].

Such conclusions and recommendations of the OECD are, generally speaking, relevant for Japan as well. Moreover, a comprehensive approach to solving the issues of regional development is quite typical for Japan. Nevertheless, under the conditions of deep systemic changes in the global economy, international relations, socio-economic life of Japan itself in the 2000s and, particularly, in the 2010s, there is a demand for innovative approaches to solving the traditional and the newly emerging problems of regional development. And the problems of regional development themselves remain a priority for the government.

In 2019, at the 18th meeting of the Council on Overcoming Population Decline and Vitalizing Local Economy (it will be discussed below), Prime Minister S. Abe stated that there could be no revitalization of Japan without vibrant regions, emphasizing that the Cabinet “has raised high the flag of regional revitalization and tackled this issue as a top priority through government-wide efforts for the last five years”.⁷

The concept of Japan’s spatial development is reflected in various government documents, plans, and programs of the central government, ministries (primarily, the Ministry of Land, Infrastructure, Transport

⁷ Council on Overcoming Population Decline and Vitalizing Local Economy. May 20, 2019. Prime Minister of Japan and His Cabinet. https://japan.kantei.go.jp/98_abe/actions/201905/_00028.html

and Tourism and the Ministry of Economy, Trade and Industry), as well as plans, programs, and strategies of local governments.⁸

In this article, the author intends to focus on the conceptual innovations in the field of spatial development, so the analysis will primarily concentrate on the key documents defining the general principles, directions, and instruments of regulating spatial and regional development. These are the National Spatial Strategy (the 2008 National Spatial Strategy and the 2015 New National Spatial Strategy, henceforth referred to as the Spatial Strategy and the New Spatial Strategy), the Grand Design of National Spatial Development towards 2050 of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), as well as the Comprehensive Strategy for Overcoming Population Decline and Vitalizing Local Economy, adopted by the Abe Cabinet in 2014.

Factors Determining the Present-day Concept of Japan's Regional Development

The 2008 National Spatial Strategy, which essentially became another, sixth Comprehensive National Development Plan,⁹ and its 2015 revised version, the New National Spatial Strategy, which contains the directions of regional policy for the next decade and a “long-term, comprehensive vision” of regional development to 2050, reflect the present-day understanding of goals and principles of regional planning and regional policy.

The authors of the strategies pointed out several diverse factors which determined the necessity of a certain correction of approaches to

⁸ For a detailed analysis of the institutional structure of regional policy and the system of regional planning in the second half of the 20th century, see [Timonina 2002].

⁹ According to the 1950 Comprehensive National Development Act, Japan consecutively developed four Comprehensive National Development Plans, while the fifth one was called Grand Design for the 21st Century (1998).

regional strategic planning. Some of these are connected to globalization and Japan's positioning in the world market. Here belong Japan's loss of its position as the second economy of the world, meteoric growth of East Asian economies and partial loss of competitive positions in Asian markets, as well as growing competition between "international" cities for foreign investment.

Among the internal socio-economic factors, the first one to be mentioned is the factor of Japan's population shrinking faster than expected. Other key factors determining the general direction of spatial development are the changes related to people's lifestyles, shifts in their value system (with such of its components as stability, security, good environment, attractive landscapes growing in importance), as well as the diversification of lifestyles.¹⁰

A separate group is constituted by factors connected to technological innovations and security, which were given special attention in the 2015 version of the Strategy. The threat of natural and anthropogenic disasters, the problems of securing sources of food, water, and energy, the necessity to maintain global environment, as well as technological innovations, first of all, in the field of information and communication technologies – all of this gives rise to new challenges and, at the same time, creates new opportunities for solving the problems of regions.¹¹

The totality of factors which were pointed out in the 21st century strategies of regional development and which, without doubt, reflect both the modern realities of Japan's economy and social life and global external challenges, were taken into consideration by governmental experts developing the present-day strategic goals and tasks of

¹⁰ National Spatial Strategy. Pp. 1, 3, 4. <http://www.mlit.go.jp/kokudokeikaku/international/spw/images/NationalPlan2015.pdf>; Grand Design of National Spatial Development towards 2050, Japan. <http://www.mlit.go.jp/kokudokeikaku/international/spw/images/GDNSD2050.pdf>; National Spatial Strategy (National Plan). August 2015. Pp. 1-6. https://www.mlit.go.jp/kokudokeikaku/international/spw/index_e.html

¹¹ Grand Design...; National Spatial Strategy (National Plan)... Pp. 1-6.

regional policy and its tools. What became another imperative – rather a traditional than a new one – in the process of forming the strategy of spatial development, was the obvious intention to solve the problems of territorial unevenness in conjunction with solving other socio-economic problems of the nation, which, it should be emphasized, is in accordance with the concept formulated by the OECD Regional Development Policy Committee.

Abe Cabinet's Comprehensive Strategy for Overcoming Population Decline and Vitalizing Local Economy

As Abe Shinzō came to power in 2012, regional development policy became increasingly coordinated with the issue of population decline, which is especially noticeable in regions. This was pointed out by the Prime Minister on multiple occasions in his speeches and statements, including his speeches delivered in the Diet¹² and on the floors of international organizations.

In Japan, the interrelation of these problems is seen in the following way: the decline of population in peripheral regions leads to the growth of the area and number of abandoned and vacant land plots, residential houses, to the “death” of commercial areas in small towns. As the Director of International Research and Cooperation of the National Institute of Population and Social Security Research Hayashi Reiko said at the sessions of the UN Commission on Population and Development,

¹² For example, this problem was paid special attention in the Prime Minister's speech at the 187th session of the Japanese Diet on September 29, 2014. There, among other things, he announced the establishment of a special body – the Headquarters for Overcoming Population Decline and Vitalizing Local Economy (referred to as a council in other documents). See: Policy Speech by Prime Minister to the 187th Session of the Diet. Monday, September 29, 2014. https://japan.kantei.go.jp/96_abe/statement/201409/policyspch.html

the trend of absolute population decline in Japan's regions – outside the largest cities – started to manifest earlier than in the country in general and is even more pronounced. According to the data of a review of internal migration, Tokyo remains the number one priority for people planning to move within the next five years. According to R. Hayashi, to overcome the trend of further concentration of population within the Tokyo metropolis, measures have been taken to vitalize the peripheral regions of Japan, including promotion of local innovation with government subsidies, stimulation of return migration of retired persons, state subsidies to local universities and industries. At the same time, Hayashi believes that, despite the fact that stopping free movement of people within the country seems neither possible nor practical, it would be beneficial to encourage at least a small number of people to stay in less populated municipalities or even move there.¹³

The importance and the interconnection of the issues of population decline and regional development, each of which is comprehensive and “interdisciplinary”, is attested to by the fact of the Japanese government creating a special body in 2014 – the Council on Overcoming Population Decline and Vitalizing Local Economy. The government developed the Comprehensive Strategy for Overcoming Population Decline and Vitalizing Local Economy, within the framework of which the Basic Policy for Overcoming Population Decline and Vitalizing Local Economy is developed annually. Meanwhile, local governments form their own original strategies.

At the regular meeting of the Council in May 2019, Prime Minister Abe reported the achievements of the first phase of realizing the Comprehensive Strategy, such as the increase in agricultural exports,

¹³ Statement by Dr. R. Hayashi Director of International Research and Cooperation National Institute of Population and Social Security Research At the Forty-Eighth Session of the United Nations Commission on Population and Development. April 2015. https://www.un.org/en/development/desa/population/pdf/commission/2015/country/Agenda%20item%204/Japan_Item4.pdf

the development of tourism as a promising industry, and the rise of the share of taxes in the revenue part of the majority of local budgets. At the same time, the Prime Minister noted that the situation of population and economic functions being overconcentrated in Tokyo persists, and its overcoming, along with the continuation of support for local initiatives, is to become one of the tasks of the second phase of realization of the Strategy (2020-2024), which was declared in 2019.¹⁴ As the Prime Minister said at the 21st session of the Council in December 2019, during the second phase, the government intends to further promote the initiatives to regulate excessive concentration of population in Tokyo and to pursue the balancing of migration flows between Tokyo and other regions. These goals were confirmed in the Council's document titled "The Japan's Plan for Dynamic Engagement of All Citizens" (September 2020).¹⁵ In order to promote "creative and innovative" local initiatives in three directions – recovery from disasters, overcoming the downward risks of the economy, and investment for the future – the government provides grants to facilitate the vitalization of regions.¹⁶

Also, as one of the measures to reach the goals stated in 2019-2020, a scheme has been launched to provide up to 3 mil. yen to people who move from Tokyo to regions and either find a job or open a business there. S. Abe claimed that, due to the launch of this scheme, migration movement has already started, and more than 400 cases of new businesses opened in the regions has been registered. The government intends to broaden the application of this scheme, in particular, by softening the criteria for candidates. Also, a new

¹⁴ Council on Overcoming Population Decline and Vitalizing Local Economy. May 20, 2019. https://japan.kantei.go.jp/98_abe/actions/201905/_00028.html

¹⁵ The Japan's Plan for Dynamic Engagement of All Citizens. https://japan.kantei.go.jp/content/jpnplnde_en.pdf

¹⁶ Forum for Consultations between the National and Local Governments. December 11, 2019. https://japan.kantei.go.jp/98_abe/actions/201912/_00023.html

mechanism is expected to be launched to encourage people who live and work in big cities to take up another or an additional occupation outside these cities by means of assisting them in covering their commuting expenses.

The government also intends to expand a special system of corporate taxation, the so-called “hometown tax”,¹⁷ which can be called quite a “creative” instrument.

The “hometown tax” is a system, launched in 2008, which allows taxpayers to make donations to their hometown or any municipality of their choice and receive tax benefits, in particular, in the income and residential taxes. Those who pay a “hometown tax” in a region are supposed to receive local products as gifts. The system was introduced to decrease inequality in tax revenues between urban and rural areas and is aimed at attracting tax income and donations to smaller towns and rural areas.

Prime Minister Abe highly praised this system (“the ‘hometown tax’ has changed our future in a good way” – from the speech by S. Abe at the 187th session of the Diet in 2014) and saw its potential not only in equalizing financial flows between big cities and the periphery, but also from the point of view of popularizing specific and/or unique local products on the national level. In his speech, the Prime Minister promised to strengthen support for commercializing new “hometown specialty goods” that make use of local resources.¹⁸

At the same time, one must point out that the system, rational and “just” by its design, has also demonstrated some negative effects in practice. In September 2018, the government has announced its intention to radically rework it, as its realization has led to fierce competition between local authorities for attracting donations by means of expensive

¹⁷ Council on Overcoming Population Decline and Vitalizing Local Economy. December 19, 2019. https://japan.kantei.go.jp/98_abe/actions/201912/_00030.html

¹⁸ Policy Speech by Prime Minister to the 187th Session of the Diet. September 29, 2014. https://japan.kantei.go.jp/96_abe/statement/201409/policyspch.html

gifts, such as vouchers and personal computers. There were fears that only financially viable municipalities would be able to attract donors, which contradicts the goal of the program to decrease disparity in tax revenue.¹⁹ Nevertheless, as S. Abe said in December 2019, the system will continue to be used as one of the financial instruments to realize the Comprehensive Strategy.

The concept and the realization of the Comprehensive Strategy for Overcoming Population Decline and Vitalizing Local Economy is tightly intertwined with the general strategy of socio-economic development of Japan, Abenomics. Prime Minister Abe directly pointed this out at the 11th meeting of the Council in 2016: “We will spread Abenomics to every corner of Japan, and raise the average income in local economies”, “we will create jobs in the regions through ‘local Abenomics.’”

¹⁹ Minister for Internal Affairs and Communications Noda Seiko stated that the government intended to change the Local Taxes Act to limit the cost of gifts given by local authorities to 30 percent of the sum of donations. This amendment excludes from the program the local governments that do not follow the rules, which makes it impossible for the donors of such municipalities to receive tax benefits. The government planned to introduce the draft act to a regular Diet session and enact it in April 2020. Despite the calls of the Ministry of Internal Affairs to cease making expensive gifts, some local authorities did not obey, receiving unjust advantages.

“If these outliers are allowed to continue as is, unfortunately the whole scheme could be undermined,” Noda warned. According to the ministry’s survey released in September 2018, 13.8 percent of Japan’s 1,788 municipalities were offering gifts whose values exceeded 30 percent of donations, and 9.7 percent stated they had no intention to change their practices. The number of municipalities providing gifts such as branded beef and wine that were not produced locally stood at 190. Some local governments said they had no local products that could be sent as gifts. See: Japan to curb expensive gift incentives under ‘hometown tax’ program. *Japan Times*, September 11, 2018. <https://www.japantimes.co.jp/news/2018/09/11/business/japan-curb-expensive-gift-incentives-hometown-tax-program/#.Xjp4FIhwmM8>

Another feature of the Comprehensive Strategy is that it is based on the principle of inclusivity. What is meant by this is the use of all local, “internal” resources, involvement in the development of regional economies of all population groups, including women, elderly people, as well as young people who earlier moved to big cities. For the latter, there are special measures of support provided if they intend to start their own business in their hometown or other regions outside the megapolises.²⁰

Goals and Directions of the 2015 New National Spatial Strategy

The New National Spatial Strategy (2015) is the currently effective and the most detailed document containing the general vision of the regional development strategy at the national level. It declares three imperatives defining the future image of the nation: security, economic growth, and active participation in international community. The basis of the New Strategy is the idea of creating a multi-layered “compact and networked territorial structure”, which should be resilient to natural disasters, encourage the accumulation in regions of industries that emphasize local features and simultaneously encourage the creation of “ecosystems” of innovations. “Compactness” in this context means the consolidation and optimization of various social services – domestic services, commerce, medicine – necessary for the residents of nearby communities, including those with decreasing population. At the same time, all residential areas are to be united in a “network”, i.e., provided with modern efficient communications which allow local residents

²⁰ Council on Overcoming Population Decline and Vitalizing Local Economy. December 15, 2016. https://japan.kantei.go.jp/97_abe/actions/201612/14article1.html; Meeting of the Council on Overcoming Population Decline and Vitalizing Local Economy in Japan. May 20, 2016. https://japan.kantei.go.jp/97_abe/actions/201605/20article1.html

to reach both the “service centers”, where all the necessary social and consumer infrastructure is concentrated, and other residential areas.

As for the future of the megapolises, the New Strategy, as well as its predecessors, focus on the correction of excessive concentration of population and economic potential in Tokyo and, simultaneously, on maintaining the high-level city functions, including international business functions, in the Tokyo metropolis. This, in turn, is supposed to strengthen its international potential and competitiveness as a leading “cosmopolitan” global city.²¹ Therefore, the New National Spatial Strategy contains the two traditional directions and, accordingly, the two key goals of Japan’s regional policy: vitalizing regional and rural economy and strengthening the global competitiveness of large megapolises, first of all, that of Tokyo.

So, what does the New Strategy suggest in order to achieve the designated goals? As far as the practical measures are concerned, it lays out plans to form territorial units of different types, where high-level urban functions can be concentrated, so that such cities could become effective drivers of growth for the entire region where they are located.

It is worth mentioning that, in various strategies and accompanying documents and presentations, the names of the planned new territorial units somewhat vary. However, one can designate three main types thereof – joint “core” urban territories, sustainably developing residential territories, and the so-called “small basic stations”. Within the “core” urban territories, which include several municipalities, the emphasis is made on the cooperation of local governments in developing the entire territory (60 such territories have been designated). The goal of the program of sustainably developing residential territories is to revitalize sparsely populated towns and villages (140 territories). The projects of “small basic stations” cover the territories of school districts (with population of ca. 20,000 people each) and are also aimed at the sustainable development of these territories with financial support in the form of subsidies of the Council on Overcoming Population

²¹ New National Spatial Strategy (National Plan). Leaflet.

Decline and Vitalizing Local Economy. In all cases, the main drivers of development are local governments, which will receive support in the form of redistributed taxes and subsidies.²²

The general idea, therefore, consists in optimizing the system of providing urban services to population in all parts of the country based on the more efficient use of social and transport infrastructure, as well as maximum mobilization of the region's internal resources.

It is also planned to “rank” the existing urban communities: cities with different number of residents will perform different functions. According to this idea, smaller cities (with a population of less than 100,000 people), together with “basic small station”, provide urban services of a level higher than that in rural areas. They also provide jobs and communications with each other and with “small stations”. The role of the latter, it is supposed, will be especially noticeable in small towns, villages, and rural areas, where the population is decreasing and the share of elderly people is high. In addition to providing services (commerce, healthcare, social services), they will also help to sustain rural communities.

The capitals of prefectures and the cities with population of several hundred thousand people and more will provide urban services of a yet higher level. They are also expected to create new jobs, develop new enterprises, including high-tech ones, which are able to create a competitive environment.²³

As for the social infrastructure, for example, large hospitals located in urban centers will serve the residents of nearby smaller communities, while smaller clinics as well as elderly and child care facilities will primarily be located in major residential areas. It is believed that this will prevent the growth of cities depending on cars, which is economically and environmentally undesirable. At the same time, urban centers and residential areas must be connected by efficient public transit networks.

²² [OECD 2016, p. 80]; New National Spatial Strategy (National Plan). Leaflet.

²³ National Spatial Strategy (National Plan). Pp. 1-6.

Thus, networks will be created which operate on different scales and use modern communications to connect with smaller towns and villages, as well as nearby service “nodes” (“basic stations”) and neighboring medium-sized cities and the mega-regions of Tokyo, Nagoya, and Osaka [OECD 2016, pp. 80-81]. Interestingly, the concept of differentiated development of urban settlements of different level and with different functions, which was formulated in 2008-2015, found its way into the mainstream of research of the problems of urbanization and urban organization conducted by the OECD jointly with the Joint Research Centre of the European Commission. The OECD and EU experts have introduced the concept and the definition of a metropolitan territory as a “functional urban area”, including the city proper, with a high density of population, and the so-called “commuting zones” (the areas surrounding suburbs and cities which are socio-economically integrated in the city).²⁴

The report “Cities in the World. A new perspective on urbanization”, which contains the results of the aforementioned research, defines three classes of settlements instead of the dichotomous approach (urban and rural settlements): 1) cities (or densely settled areas); 2) cities and areas with a medium population density; 3) rural areas (or less populated areas). It is noted that the metropolitan territories grow faster than medium- and small-sized towns, which makes politicians face the problems of adequate development of transport and social infrastructure in densely populated big cities and, simultaneously, of supporting quality of life in other communities [OECD 2020].

As has already been noted, Japan's New National Spatial Strategy pays substantial attention to competitiveness and the future development of the nation's largest cities, first of all, Tokyo. Among the tasks intended for the megapolises are promotion of investment, adaptation of cities to the needs of elderly people and families with children, and also attraction of investment from other countries and strengthening the external

²⁴ What is a metropolitan area? OECD. <https://www.oecd.org/regional/regional-statistics/metropolitan-areas.htm>

connections of Japanese megapolises, especially with the nations of East Asia and the Eurasian continent in general.

The New Strategy, as well as the ones that preceded it, provides for the possibility of and recommends the local governments to independently develop plans of developing their areas. Despite the diversity of local plans and strategies, the common features of regional development are: support for the development of attractive tourist destinations on the basis of public-private partnership, further development of inbound tourism, prevention and mitigation of danger from natural disasters, forming national territory that is secure and resilient to natural disasters, support for regional communities.²⁵ It is no surprise that, after the 2011 catastrophe and taking into consideration the location, topographical and geological conditions of Japan, the National Strategy pays yet greater attention to the problem of resilience to natural disasters. It is common knowledge that the nation often suffers from earthquakes, volcanic eruptions, typhoons, floods, and severe snowfalls, which makes resilience one of the central problems of spatial policy.

In recent years, Japan is increasingly promoting the ideas of sustainable development of economy and the social sphere. Both the modernization of infrastructure and regional development are, according to governmental statements and documents (the 2015 Spatial Strategy, MLIT documents), increasingly bound to the achievement of the UN Sustainable Development Goals (SDGs) and environmental policy.

For example, Chapter 4 of the MLIT annual White Book (2019), which is devoted to the issues of regional development, directly states that the realization of the projects of regional development is tightly intertwined with the initiatives to promote the SDGs. In 2018, the government requested from the local governments (prefectures and municipalities) initiatives of projects of development corresponding to the SDGs. From them, 29 cities were selected as “SDG Cities of the Future”, ten of which were additionally selected as Model Local Government SDG Projects.

²⁵ New National Spatial Strategy (Regional Plans).

Considering the necessity of cooperation between various interested parties in advancing the SDGs, in 2018, a “platform” of public-private partnership was created for the promotion of regional development in the context of achieving the SDGs, and, in 2019, the 1st International Forum on SDGs for Regional Revitalization was held for the purpose of promoting the exchange of initiatives between the SDG Cities of the Future in Japan and all over the world.²⁶

Japan's regional policy is tightly coordinated with the environmental one. The 2018 Basic Environment Plan directly states the intention to maintain “community living areas” as an integral “daily life zone” in hilly and mountainous areas marked with sharp population decrease and aging. Also, measures to form “small hubs” to create a sustainable community are provided for. Meanwhile, particular attention is paid to the use of local resources and to the development of local economies that provides sustainable growth, preservation of natural resources, and local biodiversity.²⁷

Regional Policy and Infrastructure Creation

As has already been pointed out above, in Japan, as well as in other countries, the goals and contents of regional policy have a comprehensive character, which is, to a large degree, defined by its coordination with other areas of regulating the national economy. The policy in the field of creating, maintaining, and modernizing national infrastructure, which largely falls under the area of responsibility of the Ministry of Land, Infrastructure, Transport and Tourism, traditionally and quite naturally has the strongest connection to regional policy.

²⁶ White Paper on Land, Infrastructure, Transport and Tourism in Japan, 2019. <https://www.mlit.go.jp/common/001325161.pdf>

²⁷ The Basic Environment Plan. Pp. 43, 49. http://www.env.go.jp/policy/kihon_keikaku/plan/plan_5/attach/ref_en-01.pdf

First, all strategies and plans of regional development adopted in Japan always provide for the development of territory, including both large cities and peripheral regions, in order to create conditions for doing business and comparable level of comfort for any citizen of the country, irrespective of their place of residence. At the same time, despite the high quantitative indicators of availability of industrial and social infrastructure, Japan faces the problem of aging and deterioration of infrastructure objects, a large share of which was built in the period of rapid economic growth, i.e., more than 50 years ago. According to a representative of MLIT, in the 21st century, the nation's infrastructural policy has entered the phase of "maturity", when the emphasis is made on qualitative, rather than quantitative indicators. Therefore, what is prioritized now are such goals as urban development with smaller environmental pressure, "smart city" projects, concepts of "compact networked structure", utilization and renewal of housing.

Second, construction and maintenance of infrastructural objects facilitates the creation of jobs in regions and is thus traditionally and for good reason considered by the government to be an instrument of stimulating local economy. The currently effective 4th Priority Plan for Infrastructure Development, adopted by the government in September 2015 and conceptually related to the key idea of the New Spatial Development Strategy, provides for the following:

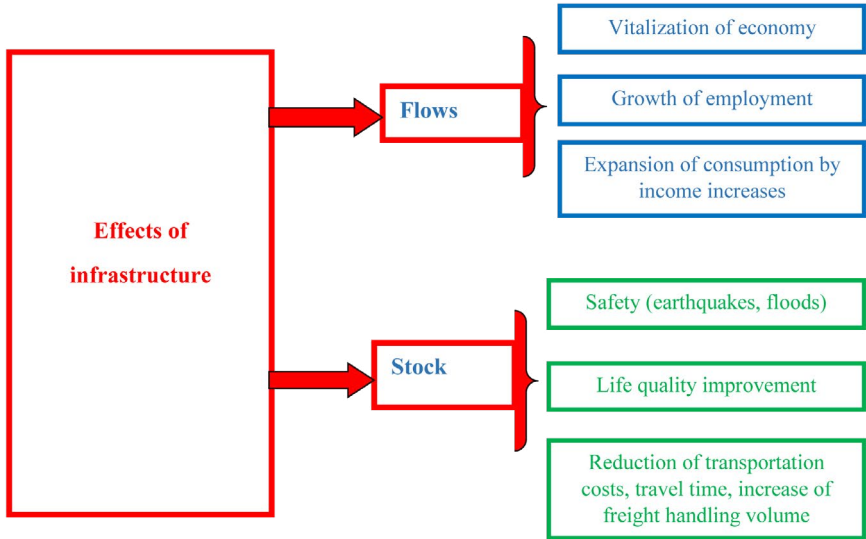
- "strategic infrastructure management aiming at maximizing the Stock Effects of the infrastructure" based on effective use of the existing facilities and focusing on the projects with high Stock Effects;
- securing and training skilled construction engineers and technicians;
- securing stable investment.²⁸

Now, let us elaborate upon the notion of "stock effect", for it is one of the key ones not only for the strategy of infrastructural development,

²⁸ Mugishima, T. National Level Strategy for Infrastructure Development in Japan. <https://pubdocs.worldbank.org/en/123701486602287702/20170209-National-Level-Strategy-for-Infrastructure-Development-in-Japan.pdf>

but also for the plans of spatial development. The stock effect of infrastructure is subdivided into the effect of investment and of the objects themselves (see Figure 1).

Figure 1
Expected stock effects of infrastructure²⁹



For example, the opening of parts of an expressway around the Tokyo Bay (Ken-O Expressway) led to the growth of the value of manufactured goods shipped in the nearby cities by 120-166 percent, while the opening of other parts of this expressway in 2013-2015 and the construction of the Kuki transportation terminal led to the growth of land prices in the areas adjacent to these infrastructure objects

²⁹ Composed from: Mugishima, T. National Level Strategy for Infrastructure Development in Japan. <https://pubdocs.worldbank.org/en/123701486602287702/20170209-National-Level-Strategy-for-Infrastructure-Development-in-Japan.pdf>

that surpassed the prefectural average,³⁰ which attests to the growth of business activity there. Therefore, the understanding of these “effects” directly links the goals of regional and infrastructural policy, and the modernization of these approaches and policies proceeds in a parallel and coordinated fashion.

The Role of the Ministry of Economy, Trade and Industry in the Development and Realization of Regional Policy

In the practical realization of regional policy in Japan, a substantial role is played by Japan’s key economic ministry – the Ministry of Economy, Trade and Industry (METI). Many activities of the ministry are connected to regional development, among them support for small business and regional brands, creation of clusters, and, of course, structural policy. One of the most important directions of Japan’s regional policy belonging to the field of responsibility of METI is the location of productive forces. The Regional Economic and Industrial Policy Committee (within the Industrial Structure Council of the Ministry) works on the issues of locating manufacturing plants and other business units and, when necessary, introduces amendments or conducts the expertise of suggested amendments to the Factory Location Act.

In the policy documents of the METI Industrial Structure Council, regional development is considered in the context of upgrading infrastructure, improving the people’s quality of life while taking into consideration the diversification of needs and lifestyles, as well as promoting the achievements of scientific and technological progress under the conditions of the Fourth Industrial Revolution.³¹ For example, in the “Lifestyle” section of the METI New Industrial

³⁰ Ibid.

³¹ New Industrial Structure Vision. https://www.meti.go.jp/english/publications/pdf/vision_171222.pdf

Structure Vision, it is directly stated that the decline of Japan's population, accompanied by the "shrinking" of consumer market, particularly affects regional economies, which suffer from the lack of labor force. Smaller regional economies do not provide economic opportunities for local residents, which makes it difficult to maintain social infrastructure, prompting more people to move to areas with more opportunity and leading to further loss of population. A vicious circle is created. Therefore, Japan will develop a new approach to community-building to create vitalized areas (small-scale compact territories are meant here – *I.T.*), where residents can live "with peace of mind". Smart technologies and the sharing economy can help these "imperiled" communities regain their livelihoods and independence.³²

Practically, one of the steps in this direction is the promotion of so-called "sharing cities". The government has designated 30 such pilot cities receiving support.³³ The city of Kamaishi, which hosted the Rugby World Cup in 2019, can be an example. The city hoped to use this opportunity to promote itself as a tourist destination. Foreseeing problems with housing and transportation, the local government turned to the idea of sharing business. In October 2016, a contract was signed with Airbnb to use farm housing for renting, while Airbnb was supposed to issue English guidebooks for tourists. The city also partnered with TABICA, a platform that introduced people to the daily lives and customs of locals through guides and workshops, and launched a PR campaign – "Meetup Kamaishi" – to promote local tourism. The local authorities also partnered with COGICOGI, a cycle-sharing service, and ShareNori, a car-sharing service, to offer transport to visitors during the event [World Economic Forum 2017].

Another initiative is connected to the development of so-called "smart cities". Initially, the idea of smart cities was based on providing efficient energy supply, but later the concept gained a comprehensive

³² Ibid.

³³ Ibid.

character, including wide use of information technologies, creating highly efficient industrial and social infrastructure on the basis of modern technological solutions. A notable example of combining the goals of vitalizing regions with scientific and technological development can be the initiative of the city of Aizu Wakamatsu (Fukushima Prefecture), located in the region recovering from the 2011 natural and man-made disaster. As the city population was increasingly shrinking, Aizu Wakamatsu City Hall, in cooperation with corporate partners, Fujitsu Limited, an electronic company, and Tohoku Electric Power Co, the regional power supply company, developed the concept of and, in 2013, launched the project of promoting the intellectual community named Aizu Wakamatsu Area Smart Community. The local Aizu University, which specializes in IT and which is given the important role in the attempt to create an IT cluster, also participates in the project. All of this, according to the idea of the project, is supposed to attract new businesses and create new quality jobs.

The project is coordinated with the strategic plans of developing the prefecture – the Plan for Revitalization in Fukushima Prefecture and the Reconstruction Efforts Aimed at Local Community Revitalization in the Aizu Wakamatsu city. The goal of this effort was to create an environmentally clean, low-carbon society; to vitalize local community; to create new enterprises and to become the pioneer in forming urban environment which is resilient to natural disasters and convenient for local residents. The project received grant financing from METI within the framework of METI's Subsidy for Projects Promoting the Introduction of Smart Communities and projects increasing the efficiency of energy use (including the use of renewable energy sources) in the three prefectures that suffered from the Great East Japan Earthquake – Iwate, Miyagi, and Fukushima.³⁴

³⁴ New Industrial Structure Vision...; Fujitsu, Aizu Wakamatsu City and Tohoku Electric Power Launch Smart Community Project in Japan's Aizu Wakamatsu Region. Tokyo, May 01, 2013. <https://www.fujitsu.com/global/about/resources/news/press-releases/2013/0501-01.html>

Conclusion

When analyzing Japan's present-day strategy of regional policy, one sees an emphasis on the social problems, including demographic ones, and the positioning of the strategy of spatial development as an integral part of the comprehensive national development strategy – Abenomics. This is clearly expressed in the formulation of the general goals of spatial policy and in the designation of the contours of the nation's future image: this will be a country “where people can feel safe and affluent”, where the damage from natural disasters and accidents is reduced to the minimum, where the supply of food, water, energy, income, jobs, and life services is secured, where the citizens are proud of regional attractions under diverse lifestyles. As an essential condition to achieve the ambitious goals, the authors logically name the maintenance of economic growth, the increase of industrial productivity and the creation of innovation through regional resources and interregional cooperation, the activation of women and elderly people under the condition of population decline.

Japan's regional policy is, in the full sense of the word, “a policy of policies”. With the comprehensive spatial development strategy, which we analyzed above, present, various aspects of regional development are “built in” the key policies and strategies developed and realized by various executive bodies – ministries and agencies – and are “supported” by their plans. This is quite understandable, as any projects within virtually every single direction of national economic policy have a territorial “binding”, and, on the other hand, regional policy itself has a “multidisciplinary” character. Any region – from the Tokyo metropolis to the most remote prefecture and a small town – is an integral socio-economic and natural complex, where, in this way or another, businesses are developing, social infrastructure is created, and innovative activities are conducted.

Japan's “internal” regional policy is formulated with the consideration of the country's global positioning. The Spatial Development Strategy declares the intention to become a country that is actively present in the international community, to become a global base of growth,

to accumulate cultural, industrial, scientific and research, financial, and other functions, to develop transportation and improve quality of life in accordance with international standards and to realize the model of an “open country”, encouraging people from abroad to visit, conduct research, do business, and invest in Japan.

It is necessary to point out that the modern regional policy is, to a large extent, based on the concepts and approaches already tried in the second half of the 20th century, but modernized with consideration to new challenges, new opportunities, and new needs emerging under the conditions of globalization and the unfolding of the Fourth Industrial Revolution. This is especially relevant for the concept of multipolar development, on the basis of which the “poles of growth” – new industrial cities in regions – were created as early as in the 1960s, and which underwent substantial change in the Technopolis project in the 1980s, when the initiative of regional planning was largely transferred to the local level. This trend of the balance shifting towards local governments and local interests, innovative for its time, found its continuation in the most recent variants of the spatial development strategy.

One more example of continuity of regional policy can be such form of organization of residential territories as “Sustainable residential areas”, *Teijū Jiritsu Ken*, described in the Spatial Strategy. In our opinion, it shares conceptual foundation with “integrated residential zones”, introduced in the 3rd Comprehensive National Development Plan for 1976-1990. The “integrated residential zones” were supposed to be conglomerates of urban and rural territories including natural complexes (mountains, rivers, plains, seashore), areas of residence, as well as transportation and communication of people. In the practical sense, the *teijūken* turned out to be unviable as “poles of growth”, but, conceptually, they heralded another stage of searches for models of territorial-industrial formations. This concept appeared at the wrong moment and was ahead of its time.³⁵ However, even now, analyzing the

³⁵ This conclusion was made by the author in her 2000 publication. See: [Timonina 2000, pp. 177-184]; see also: [Timonina 2014, pp. 260-289].

strategies from the 21st century, we find among the suggested models of development the “sustainably developing residential territories”, the “small basic stations”, the concept of which bears definite similarity to *teijūken*.

In conclusion, one cannot but note one more traditional “Japanese” approach in the field of regional (and not only regional) policy: all new is practically tested, modernized, and adapted to new realities old.

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Russian edition of the article:

Japanese Studies in Russia, 2020, 4, 41-63