

Administrative Decentralization for Regional and Local Development in Japan

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Administrative decentralization for regional and local development in Japan has, until recently, been mainly initiated by the central government. It was only with the drafting of the Third Plan in 1978 that the role of the local governments in the formulation of national development plans was recognized. At present, in line with the future thrusts of Japan to the year 2000, the new regional development policy or "technopolis" is being proposed to make the Japanese industries' structure more knowledge-intensive, and at the same time, attain regional development objectives. The future of Japan's regional development will depend on how the local governments would plan and implement original and creative policies for regional and local development.

Historical Background

Japan has had a long history of regional development since the Meiji Restoration in 1868 with the start of modernization. Under the slogan of "national prosperity and defense," the newly-established Meiji government operated the government-managed factories set up with the help of European countries, which were represented by Nagasaki Shipyard (established in 1857), Tomioka Silk Mill (1872) and Yahata Iron Mill (1901). These factories were gradually transferred to private hands, and consequently played an important role in regional industrial development and employment.

The Meiji government also embarked on the development of Hokkaido, a northernmost large island, which had been forsaken as a barren area. Hokkaido, although rich in natural resources, had been left undeveloped

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throughout the Edo period. Noticing the potential value of Hokkaido, the Meiji government adopted a policy of cultivation of wasteland and exploitation of mineral resources. For this purpose, it created the colonial troops system and established the Sapporo Agricultural College. It further set up the Hokkaido Development Agency, the entity tasked with developing a comprehensive development plan and implementing it systematically.

The early 20th century witnessed industrial development in various areas throughout Japan. During this period, the Meiji government decided to nationalize and expand the trunk railroads under military consideration. This created a positive impact on industrial development. The government also started to develop the Tohoku District, northern part of the main island of Honshu, which had as much potential for development as Hokkaido. To promote development, it established the Tohoku Industrial Corporation to take charge of industrial promotion and exploitation of mineral resources and the Tohoku Development Electric Corporation to supply necessary electricity for the industries.

Japan's experience at regional development before World War II was entirely initiated by the central government. The prewar prefectures whose governors were appointed by the Minister of the Interior, functioned both as an agency of the central government and as a local public entity. It had no powers and funds to promote regional development independently. The municipalities which had more autonomy than prefectures were also in a similar situation. Consequently, from the Meiji Restoration up to World War II, there was little administrative decentralization for regional development.

It was after World War II that local governments began to take the initiative in regional development. This was mainly due to the postwar reform of the local government system.

The new Japanese Constitution which came into effect in 1947 contained provisions that guaranteed local self-government. Article 92 declared the principle of local autonomy. Article 93 provided for direct election of the chief executive officers of all local public entities as well as the members of their assemblies, and the establishment of these assemblies as deliberative organs. Furthermore, Article 94 stated that local public entities have the right to manage their property, affairs and administration and to enact their own regulations within the confines of law. In accordance with the above Constitutional provisions, the Local Autonomy Law was enacted and the local self-government system was established.

Thus, the foundation was set for comprehensive regional development as initiated by local governments which considered local needs. With Japan's economic growth, local governments established locally-funded public corporations which were exempted from strict public accounting restrictions. At the discretion of the regions, they also founded "the third sector" corporations financed by both local government as the public sector and private businesses as the private sector.

Postwar Regional Development and Administrative Decentralization

The Period of the Postwar Rehabilitation (1945-1955)

After World War II, Japan's urgent task was to reconstruct the ravaged economy. While the Japanese society and its governmental system was being democratized, the government also had to tackle serious problems such as rehabilitation of land, food and housing shortage, energy shortage and recovery of manufacturing production.

In January 1947, the government adopted the priority production system in which special priority was placed on the production of key industrial materials such as coal, iron and steel. To control postwar inflation and reestablish the market economy, it set the fixed exchange rate of 360 yen to the dollar, a policy which continued until 1971.

To promote efficient utilization of resources, the government enacted in 1950 the Act for Comprehensive National Land Development. In accordance with the implementing plan of the Act, it designated 22 areas wherein water resources were to be developed. Patterned after the TVA method of U.S. President Franklin Delano Roosevelt's New Deal, this project contributed, to a great extent, to the development of hydroelectric power and agricultural production. Local governments played an active role in the process of enactment and implementation of the Act. As a consequence, the central government gave special consideration to a number of areas to be developed such as subsidy for planning expenses and share in development expenses, among others.

Another striking fact during this period was the enactment in 1950 of the Act for Development of Hokkaido and the Act for Development of Isolated Islands in 1953. The latter Act was intended to supply necessary facilities for the islanders in order to secure them "the national minimum" of living standards. The enactment of this Act was prompted by the Japan Isolated Islands Development Association composed of the concerned prefectures and 179 municipalities.

Thus, regional development in this period was not only characterized by postwar rehabilitation but it also provided the foundation for the coming economic and social development. In addition, it may safely be said that even during this period when the central government took the initiative in the postwar rehabilitation, the intentions of local governments reflected, to some extent, the central government's national land policy.

The Outset of Industrial Development (1955-1960)

Late in the 1950s, national life had already been established and private investment in plant and equipment increased. With the perking up of export activities, Japanese economy registered a big leap.

Regional development in this period focused on the improvement of industrial foundation, in conjunction with the development of heavy and chemical industry. It was an essential component of regional development as well as a prerequisite to a developing Japanese economy. The economic foundation was reinforced by improving transportation facilities, ensuring sufficient supply of electricity and industrial water, and acquiring factory land.

Many of the local governments enacted various ordinances to attract factories. These ordinances generally offered such incentives as temporary local tax exemption or reduction, subsidies grant, sale or mediation of sale of factory land, and other similar inducements. Water supply and landsites were also developed to meet industrial needs. More and more local governments established "land development corporations" which took charge of acquisition of land, preparation for the construction and relocation of factories, and sale of the land to firms which would locate themselves in their areas. These corporations were, for the most part, managed on a self-supporting basis, with their funds raised independent of the central government's control.

Also during the period, the Act for Promoting Regional Development for each underdeveloped district was enacted in 1957 in compliance with the strong request from the district. The Act provided special financial assistance to the district such as the increase of subsidy rates and the like. Initially, it covered only five districts—Tohoku, Kyushu, Shikoku, Chugoku, and Hokuriku—but before long, in 1961, the special Act was passed by the Diet which covered all the underdeveloped districts.

For the advanced area, the Act for Reorganization of Tokyo Metropolitan Region was enacted in 1952 in order to solve the problem of overcongestion and other related problems such as distorted urban structure, deterioration of living environment, and difficulty of disaster prevention. The basic policy of the Act was to disperse and relocate the population and firms excessively concentrated in the metropolis.

Industrial development policy played a major role in regional development, a trend which lasted over the later regional development period. It was also during this period that local governments began to adopt the differential policies matching their own conditions with the enactment of ordinances and other laws.

The Period of Full-fledged Industrial Development (1961-1970)

One of the immediate acts of the newly-formed Ikeda Cabinet in November 1960 was to effect the National Income Doubling Plan which was aimed at doubling the substantial gross national product in ten years.

At first, some sectors proposed the Pacific Coast Industrial Belt Scheme to implement the National Income Doubling Plan. The proposal was based on their perception that industrial location in the future would be concentrated along the Pacific coast linking the four existing industrial areas: Keihin

(Tokyo-Yokohama), Chukyo (Nagoya), Hanshin (Osaka-Kobe) and Kitakyushu (Northern Kyushu). They thought that regional development should be in accordance with the natural trend. Thus, it would be economically efficient and, from the viewpoint of regional development, would be effective.

This view was strongly criticized and opposed by the local governments of underdeveloped areas which had endeavored to attract firms within their limits. These local governments insisted that the central government should have bridged the interregional gaps in income, facilities, and infrastructure by giving priority to regional development in underdeveloped areas.

As a result, the central government was compelled to form the Comprehensive National Development Plan in 1962. The objective of the Plan was to promote the balanced development of various regions through efficient use of domestic natural resources as well as appropriate interregional distribution of capital, labor, and other resources. At the same time, the Plan paid attention to the overcongestion problem in the big cities and the underpopulation problem in the rural areas.

The Plan adopted the strategic method of "development-leading centers." The choice of location of these development leading centers would take into consideration the access of these centers to existing large-scale leading centers such as Tokyo, Osaka and Nagoya. All the leading centers were to be connected with well-organized transportation and communication systems. These systematically connected leading centers were expected to cause a chain reaction which would produce a favorable effect on the primary industry as well as on the secondary and tertiary industry in the neighboring areas, and eventually lead to a well-balanced regional development.

These ideas were concretely embodied in the conception of the New Industrial Cities and the Special Areas for Industrial Development.

The New Industrial Cities aimed at establishing the development-leading centers throughout Japan to avert the further concentration of the population and industry in the big cities. In 1962, this materialized as the Act for Promoting Development of the New Industrial Cities. The Act provided for the formulation of each New Industrial City's development plan and various favorable measures to the cities for implementation of the plan such as special subsidy rates for infrastructure consolidation, interest subsidy for local borrowing, temporary tax exemption or reduction, and so on. Since this Act really met the needs of local governments which had exerted their utmost to attract factories within their limits, quite a few local governments applied for the designated cities. This led to the designation of 15 cities in 1964 to 1966, which was five cities more than expected at the outset.

At about the same time, six areas were designated throughout Japan as Special Areas for Industrial Development. These areas had higher potential for industrial development than the New Industrial Cities and needed further systematic consolidation of infrastructure. It is said that the Special Areas

set up under the Act for Promoting Industrial Development of Special Areas (1964), with similar provisions on the financial assistance and other favorable measures, was created because of too many solicitations for the designation of New Industrial Cities.

The development of these designated New Industrial Cities and Special Areas were carried out by the local governments with the central government's assistance. Because Cities and Areas doubled than first anticipated, some Cities and Areas did not attract sufficient factories. They were, therefore, not able to achieve efficient and effective industrial development as projected. On the other hand, there were many successful cases in which the local governments made the best use of the central government's financial assistance, at the same time promoting regional development which matched the region's characteristics with their own ideas and originality.

While the New Industrial Cities and Special Areas for Industrial Development focused on their areas' high possibility of industrialization, underdeveloped areas also expressed their keen interest in the introduction of industry. In response to this, the central government enacted the Act for Promoting Industrial Development in Underdeveloped Areas in 1961, and designated about 100 areas as Industrial Development Districts. In addition, to provide the residents in remote areas with necessary public facilities, the Act concerning Special Financial Measures for Comprehensive Consolidation of Public Facilities in Remote Areas was enacted during the same year. This act provided for special consideration of local borrowing permission and the granting of local allocation tax for 80 percent of the capital and interest repayments.

The Comprehensive National Development Plan (also called the First Plan), as described above, had tried to control the concentration of the population and industry in metropolitan areas, but in vain. Late in the 1960s, when Japan enjoyed high economic growth, the effects of overcongestion in big cities became more serious than before, while underdeveloped areas which had a sudden and large exodus were confronted with "the underpopulation problem." This meant that development-leading centers did not lead to a chain reaction with each other nor produced a favorable effect on the primary and other industries in the neighboring areas.

On the other hand, while the industrial development was carried out in the designated New Industrial Cities and Special Areas, it became apparent that these strategic areas would not be enough in the long run, since the expanding Japanese economy had been growing at a rate of eleven percent a year after the formulation of the Plan.

Within such a social and economic situation, the central government formulated the New Comprehensive National Development Plan (or the Second Plan) in 1969. The Second Plan adapted a new development strategy which included large-scale development projects, and also advocated the idea of a "regional living area" which should be a basic consideration in the location of public facilities.

The new development strategy first made it the basic condition for development to establish a national network which systematized the integrated central management functions in big cities and the physical distribution throughout Japan. It then aimed to plan and implement large-scale development and environmental projects which were organically connected with the above network. It was expected that the effects of the projects would gradually permeate through the entire nation to lead to the balanced utilization of the national land. In other words, the new development strategy in the Second Plan carried the development-leading center method in the First Plan a step further. There were, however, three differences between the two methods:

- (1) The new method expected a much larger development effect, since the big cities would be connected with each district throughout Japan by a nationwide transportation network of rapid national railways (*Shinkansen*) and highways;
- (2) It planned strategic large-scale projects not only those concerning agriculture, forestry and fisheries, industry, industrial circulation, tourist and recreation industry, and so on, but also those related to environmental protection, water resources development, and urban renewal; and
- (3) These projects were to be carried out based on the regional needs and characteristics, whether by the central government or by local governments.

It is worthy to note that "the third sector" method became popular in carrying out large-scale development projects. "The third sector," funded by both the public sector and private sector, could make adroit and efficient moves in accordance with the changing economic situations, while its activities were being controlled under the publicly authorized plan. For example, in one of the large-scale development projects—the Mutsu-ogawara Industrial Complex Development Project—the central and Aomori prefectural government, and an association of big companies which were expected to locate their factories at the complex, established the third sector company in order to get rid of the financial bottleneck.

The idea of the "regional living area," another characteristic of the Second Plan, intended to stipulate an area for daily living activities expanded by motorization, and to locate and effectively consolidate living environmental facilities within the area in accordance with the national standards. Providing the residents of every municipality which forms a regional living area with similar living environmental facilities within its limits will cost a lot, but it may not secure the adequate scale and equipments. The idea of the regional living area concretized the intentions of local governments because it pursued economy and rationality in the location and consolidation of living environmental facilities. The Greater Municipal Zone by the Ministry of Home Affairs and the Local Living Zone by the Ministry of Construction evolved from this idea.

Regardless of the purpose of the Second Plan, overcongestion in the metropolitan areas were far from eased, and the pollution problem became serious in various parts of the country. Furthermore, large-scale development projects brought about skyrocketing land prices because of excess liquidity, and this was severely criticized by the people.

As for the pollution problem, although a lot of Acts concerning the anti-pollution measures were passed by the national Diet, quite a few local governments played a leading role in tackling the pollution problem. Many local governments entered into contracts with the factories' areas. The contract usually contained provisions on the local government's authority to enter the factory premises and make inspection, the authority to order the factories to stop operation if necessary, the factories' legal obligation of compensation for damage done, and other similar restrictions. Further, in order to prevent the expansion of pollution, they enacted the Ordinance for the Prevention of Environmental Pollution, which provided for stricter prevention standards or broader restrictive actions than those fixed by the Acts. Thus, in the antipollution measures, local governments took the initiative to make regulations on their own that matched the local situation. The central government followed and eventually backed up the policies.

The same thing can be said regarding the rising land price issue. In the late 1960s and early 1970s, the development mood brought about by the Second Plan gave rise to land speculation and disorderly land development. This caused difficulty on the part of the local governments, especially those in metropolitan areas, to acquire land for public use. They began to tackle the problem with the Housing Estate Development Instruction Manual which had no legal force. The Manual aimed to regulate disorderly housing estate development as well as to request the developers to offer the local government the land for the related public facilities, or the funds to prepare them. Nevertheless certain sectors thought that the Manual's provisions were contrary to one of the basic principles of modern public administration, because it restricted private rights and imposed a heavy burden on private business by mere administrative instruction. There is no denying the fact, however, that the Manual has fulfilled its function to some extent with the support of most of the residents and the media. This land policy later led to the enactment of the National Land Use Planning Act in 1974 by the central government, which aimed to ensure comprehensive and systematic use of land by taking measures such as formulation of the national land use plan, the governor's intervention in specific land transactions, the promotion of utilization of unused land, etc.

The Period of Stable and Balanced Regional Development (1971-present)

A striking proposal on national land development was made in 1972 by Kakuei Tanaka, then Minister of International Trade and Industry and later Prime Minister. The proposal, known as the Plan for Remodelling the Japanese Archipelago, intended to solve both the overcongestion and

underpopulation problem simultaneously occurring throughout Japan on the assumption that high economic growth would continue for some considerable time. Specifically, it contained the prior development of transportation and communication network of rapid national railways (Shinkansen) and highways, etc.; relocation of industry; construction of new 250,000 populated cities, and so on. Therefore, it was, as it were, tinged with an implementing program of the Second Plan.

Because the Second Plan and the Plan for Remodelling the Japanese Archipelago worked under the assumption of growth, these proved easily unfeasible with the advent of low economic growth beginning in 1973 caused by OPEC's decision to increase the price of oil. The resultant skyrocketing of prices drastically aggravated the international balance of payments and the Japanese economy suddenly dropped. By 1974, Japan for the first time in the postwar period experienced minus economic growth! This event uprooted the foundation of all policies which had been planned within the context of high economic growth. Because of this situation, a new comprehensive national development plan was drafted known as the Third Comprehensive National Development Plan (the Third Plan) in 1978.

During the formulation process of the Third Plan, the central government tried to consult, to a great extent, with local governments to have their demands reflected in the Plan. For example, the central government collaborated with prefectural governments in calculating the expected prefectural population which formed the frame of the Plan, and heard the opinions of governors and mayors on the detailed contents of the Plan. This move would seem to indicate that the central government recognized the significance of the subjective role which local governments played in regional development.

The Third Plan, taking into account the limited available land and natural resources in the country, aimed basically to develop and improve systematically comprehensive environments for human living which are stable, healthy and cultural, and at the same time keep the harmony between people and nature; take into consideration the historical and traditional cultures; and make the best use of regional characteristics.

To achieve these objectives, the Third Plan advocated the Integrated Residence Policy which intended to develop and improve the environment for human habitation by controlling the overconcentration of population and industry in big cities. At the same time, local industries were promoted and measures to counter the underpopulation problem in local areas were undertaken to attain well-balanced national land use. In accordance with the Plan, the comprehensive environment for human habitation required the harmony of natural environment, living environment and productive environment. Also, in securing stable habitation, the Plan envisioned the development of basic needs such as employment opportunities, housing and other facilities related to the daily lives of the people, education systems, cultural activities and medical services.

The Third Plan created, as a planning unit, the *Teiju-ken* which was a conglomerate body of cities and rural areas, covering river basin areas, commuter areas and a wide range of living areas. The direction of the development of *Teiju-ken* was to be decided by local governments, with allowance for the wishes of the local residents. In carrying out the development of *Teiju-ken*, the municipal, prefectural and central governments were to undertake the following roles:

- (1) The municipalities should, based on the actual accomplishments of the current measures such as the broad activity zones, promote the development of a comprehensive habitation environment, centering on the development of the living environment and the promotion of local industries;
- (2) The prefectural governments should, in cooperation with the municipalities, develop and improve *Teiju-ken* systematically through the utilization and management of national land resources, the formation of transportation network, the arrangement for basic facilities to maintain habitation stability, etc.;
- (3) The national government should device and strengthen various measures to develop and improve *Teiju-ken* in order to pave the way for the realization of comprehensive policies for *Teiju-ken* by local governments.

Thus, the Third Plan expected local governments to play a much more important role in regional development than the preceding plans.

Under the implementing programs of *Teiju-ken* policy, two measures were adopted: the Model *Teiju-ken* Program which was coordinated among the National Land Agency, the Ministry of Construction and the Ministry of Home Affairs; and the New Greater Municipal Zone Program which was promoted by the Ministry of Home Affairs.

The model *Teiju-ken* was designated as the zone which should take the leading role in the local stable habitation. This was a conglomerate body of cities and rural areas that have to some extent, accumulated urban functions with their effect permeating throughout the zone, and at the same time, have potential for regional development. Each model *Teiju-ken* was to establish its charter manifesting the basic objectives of the development of an attractive *Teiju-ken* making the best use of regional characteristics. It was also expected to carry out special projects with strategic roles in attaining the objectives. Following the directions of local choice by each *Teiju-ken*, the central government was to take necessary measures for promoting those projects actively and preferentially in terms of administrative guidance and finance. As of now, 44 areas have been designated as Model *Teiju-kens* throughout Japan.

On the other hand, the New Greater Municipal Zone Program was a modified version of the Greater Municipal Zone Program which started in 1969, following the Integrated Residence Policy by the Third Plan. Unlike the Model Teijuken Program, the New Greater Municipal Zone Program comprised all fields of projects concerning the comprehensive regional development, ranging from road construction and agricultural land improvement to educational and recreation facilities establishment. The central government extended financial assistance to local governments such as subsidies for main facilities at the regional center, specified local borrowing permission and special grant of the local allocation tax.

In recent years, there have been demands to review and revise the Third Plan. This was mainly due to the gaps between the framework of the Plan and the actual situation. The total population increase was far below the estimate of the Plan, while the aging population increased more rapidly than expected because of the longer life expectancy. Actual economic growth rates also fluctuated below the estimated annual rate because of the worldwide depression, there was a slump in domestic demands, etc. Also, because of overcongestion and underpopulation problems, the traditional pattern of the population from the local areas to the three metropolitan areas has been changing due to the decreasing interregional income gaps, people's wishes for comfortable life, etc. A remarkable recent trend is the concentration of the population in local core cities, most of which are capital cities of the prefectures; and its slight decrease in the metropolitan areas. Moreover, the rural areas are still suffering from the exodus, though not as large as before. Faced with such a situation, the National Land Agency declared that it will begin to prepare for the new comprehensive national development plan.

Of relevance at this point is the unique method of Okinawa Development. When Okinawa was returned to Japan in 1972 after 27 years of the U.S. military rule, the Okinawa Development Agency was established by the central government to promote the comprehensive and intensive development of Okinawa which had been behind in its development under the U.S. occupancy. The Agency was to be responsible for planning, coordination and budget preparation of all of the major development projects in Okinawa which are implemented by the related ministries and the local governments. A unique feature of this program is the existence of the Okinawa Comprehensive Office located in Okinawa, which houses the local agencies of the related Ministries such as the Ministry of Construction, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Transportation, etc., as well as the local agency of the Okinawa Development Agency. Owing to such characteristics of the Office, the central government has succeeded in planning and systematically implementing comprehensive development, which was rarely seen in other areas.

Administrative Decentralization Towards the Year 2000

Forecasting long range prospects for the Japanese social change towards the year 2000, Japan will have a highly aging population, further urbanization of the society, more active international cultural and economic exchange, and continuing moderate economic growth.

Relative to the first, it is often pointed out that Japan's population is aging at an unprecedented high rate in the world. In approximately 30 years, the percentage of those aged over 65 is likely to comprise 22 percent of the total population, which means that Japan will reach the same level in only 30 years which took the Western countries 100 years to achieve. The aged which accounts for about one-fourth of the population, must be taken into account whenever designing administrative policies. Besides the pension plan, Japan will have to tackle the problems of employment of the aged, development and improvement of the living environment adjusted to such situation, etc., which especially requires deliberate consideration by local governments, regional societies and communities.

With regard to the further urbanization of the society, time distances will be much shortened throughout Japan because of the revolutionary development of the communications network such as INS, CATV, etc. as well as the construction of transportation networks such as express national railways, highways, airports, etc. As a result, the tendency of the people to settle in local cities may continue steadily, thus inviting deteriorated living conditions. Urban facilities will have to be improved especially in the local cities, and functions reorganized within a region as well as among regions. As the people clamor for development and improvement of the level of living, the advancement of the local settlement and citizens participation in the policy decision, the vigorous cities and leisurely rural areas will have to be connected organically to build greater municipal zones which are unique in terms of tradition, culture, industries, and so on.

International cultural and economic exchange will be deepened and strengthened through rapid development of the international transportation and communication network. Accordingly, each region in Japan should adequately locate the internationalization in the regional development plan; and each region should aim to create a characteristic and attractive society from an international point of view to promote a wide range of international exchange.

Whether there will be a boom or a depression, Japan must realize that it will never have a similar high economic growth again, considering the limited natural resources in the world, the limitation of export due to the world-wide economic situation, etc. Consequently, natural increases in tax revenue cannot be expected to ensue. Thus, local governments as well as the central government must find out ways and means to best utilize the limited financial revenues, since there will no longer be surplus money to carry out large-scale projects throughout Japan.

Taking into account the above directions for the future Japan, it will become of vital importance in regional development to give priority to the regional self-active development and more of the "software," that is, a creative idea, rather than of "the hardware," that is, the facilities. To be concrete, in order to achieve a balanced development of the national land, the following objectives should be present:

- (1) To precipitate regional industrial activities and to secure various kinds of employment opportunities in order to build the steadfast economic structure under severe financial restrictions;
- (2) To build safe and comfortable regions with attractive living environment, fit for human habitation;
- (3) To establish a system in which residents, businesses, local governments, etc., can cooperatively work for regional development on their own will, and for that purpose, to secure stable and sufficient local financial fund.

Thus, it will be necessary, in order to promote the balanced development of national land, that local governments closest to each region should take the leading role in the regional development. Administrative decentralization centering around local governments should be a further step forward in regional and local development.

Following the above directions, the central government recently proposed a new regional development policy of Technopolis. In order to carry out the policy, the Act for Promoting Development of the High-technology Integrated Areas (The Technopolis Act) was enacted this year. The technopolis development policy aims to introduce vital energy of the frontier technology industry into the regional culture, tradition and nature and to build revitalized towns with industry, learning, culture, housing, in harmony with nature. The policy's purpose is, in other words, to make Japanese industrial structure more knowledge-intensive and highly value added and at the same time to attain the objectives of regional development represented by the Integrated Residence Policy in the Third Plan.

The technopolis development policy looks similar to the still effective policy of New Industrial Cities and Special Areas for Industrial Development, in that both policies aim at regional development as well as industrial promotion. The technopolis policy, however, has the following characteristics which make it strikingly different from the latter policy:

- (1) As a target industry, it focuses not on heavy chemical industry, but on the frontier technology industry;
- (2) In its infrastructure, it is not facilities-oriented, but creativity-oriented;

(3) In its location form, it is not for production on a large scale, but for production of various kinds of goods on a small scale;

(4) The prefectures are to take the initiative to develop technopolises, while the central government offers only technical assistance to them, aside from limited financial assistance.

In order to promote development of technopolises, whose selection from among candidates is under way, it is of basic importance that the concerned prefectures should acquire the necessary land, facilitate transportation and communication, develop and improve energy and water resources, and further, secure the necessary and sufficient fund.

In conclusion, the future of Japan's regional development depends on how local governments manage to plan and implement original and creative policies, making the best use of regional characteristics. Accordingly, such a direction requires further promotion of administrative decentralization for regional and local development.