

# Regional Economies Come In from the Cold

By Tomiei Igarashi

Japan's regional economies are emerging from a long hard winter.

For many years they were eclipsed by big business, particularly in the heavy and chemical sectors, that made the country the second largest industrial economy in the non-communist world. These businesses followed a strategy of mass production and marketing which narrowed the scope of local activity.

Throughout Japan's rapid economic expansion, the regions were supported by massive infusions of government funds, notably for public works projects. The

concentration of big businesses in urban areas enabled the central government to allocate a large portion of its tax revenue to the regions, assuring the survival and growth of local economies.

This situation changed radically with the two oil price shocks in the 1970s. The mass-production economy based on heavy and chemical industries reached a dead-end, and the small-scale regional economies acquired a new lease on life. Diversifying consumer preferences reduced demand for traditional mass-produced goods and increased that for a wide

variety of new products. Small-scale production, a traditional strength of the regions, gained fresh momentum.

As a result, local economic and industrial activities started to play a more important role. Now, in fact, the regional economies are becoming the main force behind local growth. Such activities, taken individually, may be small in scale. But, taken together, they comprise a vigorous and growing economies that support the Japanese economy as a whole.

The "one-village, one-product" campaign launched by Governor Morihiro



The "one-village, one-product" campaign symbolizes the emergence of Japan's regional economies.

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Hiramatsu of Oita Prefecture is symbolic of the expansion. During the high-growth period of the 1960s and early 70s, local communities experienced a labor drain as young people migrated to the cities in search of employment. This caused extensive depopulation of many areas. Oita was first on the list, and its economy was on the verge of collapse.

## Shot in the arm

Public spending provided a badly needed shot in the arm. But even this could not be relied on once the fiscal crisis following the oil shocks severely curbed such spending. Gov. Hiramatsu's "one-village, one-product" idea was conceived as a way of giving new impetus to the sluggish prefectural economy. It was designed to utilize untapped resources and develop new technology within the prefecture with the participation of local residents so as to produce internationally competitive products.

The campaign has already produced tangible results. Lobsters, kiwi fruit, beef

cattle and mushrooms, each of them a speciality of a particular community, represent new industries that support the Oita economy. This is but one example of the new vitality and growing variety that increasingly characterize Japan's regional economies.

The Oita experiment has prompted other prefectures to follow suit, and has encouraged government agencies to take policy measures designed to help invigorate regions. Traditional subsidies have been revised, spurring the rise of autonomous regional economies throughout the country.

"Interregional competition" is expected to be the guiding principle of the fourth national development program now being formulated by the government. Under-scoring this principle is a belief that the regions can be invigorated through competition among local industries.

Another feature is the growing importance attached to high technology. The heavy and chemical industries that supported the Japanese economy in the high-

growth period were capital-intensive, and gave top priority to economic efficiency. Most were concentrated along the Pacific coast to minimize transportation costs. This contributed indirectly to the stagnation of regional economies.

Now, however, high-technology industries are taking the place of these traditional enterprises as the driving force in Japan's economy. High-tech industries are knowledge-intensive and therefore are not constrained by geography. Kyushu, for example, which in the past was shunned by heavy and chemical industries, now hosts a thriving silicon industry. It is now nick-named "Silicon Island," while a so-called "Silicon Highway" is under construction in the Tohoku region in Honshu.

## Technopolis

Against this background, the Ministry of International Trade and Industry (MITI) has drawn up a "technopolis plan" for developing technology-intensive cities throughout the country. Each "technopolis" will have three essential components—high-technology industries, academic and research institutions, and residential areas. The MITI plan has aroused nationwide interest in the role of high technology in regional development.

Thus far 14 areas have been designated for the scheme, and have begun programs to develop viable local economies keyed to high-tech industries. Other regions are also striving to introduce high technology.

Another notable development in today's regional economies is the surge in international exchange. Sister city relationships between Japanese and cities abroad have a long history, but the new international exchanges go beyond these largely diplomatic initiatives. They involve grass-roots activities aimed at promoting the growth of the regional economies in each other's country.

For example, Hokkaido is promoting economic exchanges with the United States, Canada and North European nations on the premise that there are potential partners outside Japan with common characteristics. Hokkaido is an underdeveloped region at the northern tip of the Japanese archipelago, but it can still enjoy mutually beneficial economic relations with other nations and thereby invigorate its prefectural economy without excessive reliance on Tokyo.

Similar moves are under way in other parts of Japan, such as Hokuriku in the northern part of Honshu, and Kyushu. Businessmen and local governments in these regions have already formed an international investment exchange promotion conference to disseminate information on their respective local economies and solicit investment by high-tech interests in the U.S. and Western Europe. ●

## Features of the Technopolis Development Plans

Prefecture	Technopolis Region	Target Industrial Sectors
Hokkaido	Hakodate	Marine-related industries and those using natural resources (electronics, mechatronics, biotechnology, etc.)
Akita	Akita	Electronics, mechatronics, new materials, natural resources, energy, biotechnology
Niigata	Nagaoka	Higher systems industries, urban industries (design, fashion), industries utilizing local natural resources
Tochigi	Utsunomiya	Electronics, mechatronics, fine chemicals, new materials, software
Shizuoka	Hamamatsu	Optoelectronics industries, advanced mechatronics, home sound culture (electronic musical instruments), etc.
Toyama	Toyama	Mechatronics, new materials, biotechnology (medical, etc.), information industries
Okayama	Kibikogen	Biotechnology, electronics, mechatronics (medical and pharmaceutical industries), etc.
Hiroshima	Hiroshima Chuo	Electronics, mechatronics, new materials, biotechnology, etc.
Yamaguchi	Ube	Electronics, mechatronics, new materials, ocean development, biotechnology, etc.
Fukuoka-Saga	Kurume-Tosu	Mechatronics, fine chemicals, fashion, next generation bioindustries, etc.
Oita	Kenhoku-Kunisaki	Electronics, mechatronics, bioindustry, software
Kumamoto	Kumamoto	Applied machinery industry, biotechnology, electronic equipment, information systems industry
Miyazaki	Miyazaki	Local-oriented (bioindustry), introduction-oriented (electronics, etc.), and urban-oriented (urban systems) industries
Kagoshima	Kokubu-hayato	Electronics, mechatronics, new materials, biotechnology, etc.

Source: Ministry of International Trade and Industry