

Region and Regionalism in Hokkaido
–Centralized Development Versus Local Democracy–
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Region and Regionalism in Hokkaido
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The purpose of my presentation is to investigate the characteristics of the Hokkaido region in the postwar Japanese central-local government relations, in terms of regional economic development policy and local democracy. I would also like to clarify the elements of immobility of the relationship between the Japanese central government and the Hokkaido government, as it will demonstrate contrast with the dynamism in Western European states that has created regional governments.

To summarize my argument, there are three main points: (1) Central government had established special administrative institutions to accomplish high national economic growth and local prosperity in the Hokkaido region. National development ministry (the Hokkaido Development Agency) and local governments in Hokkaido have implemented a number of policies and spend much of the budgets on Hokkaido, but could not obtain the expected results. Hokkaido remains in a stagnant position, where they depend on fiscal resources from central government. (2) There have been some attempts to create a new local government system in Hokkaido until today, but have never been carried out. The primary reason for regionalism not being instilled in Hokkaido is due to the rigidity and inflexibility of institutions of Hokkaido regional development system, and at the same time due to the central government and local governments that have formed informal mixed relations, concerning policy decision-making and allocation of policy resources. (3) The Hokkaido regional development system has been criticized in socioeconomic, administrative, political dimensions. Finally, I would like to point out some subjects that should be resolved for in order to carry out regionalism in Hokkaido.

Geographic and Historical Backgrounds of Hokkaido

Hokkaido is situated in the northern part of Japan, with an area of 83,000 km². It is about 1/5 of the total area of Japan, and is equal in size with Austria. Hokkaido has a population of 5.6 million, which is about 5% of Japan's total. Such a position in Japan is greatly similar to that of Scotland in the UK.

As far as economic structure of Hokkaido is concerned, its chief industries are agriculture, fishing and material type industry, such as foods, pulp, paper, and cement. Compared to nationwide economic structure, Hokkaido has a higher ratio of primary and tertiary industries and a lower ratio of secondary industries.

In the late 19th century, before the area of Hokkaido was incorporated into the Japanese nation state, approximately 20,000 Ainu people, who were aborigines, and more than 60,000 Japanese lived in Hokkaido. After the formation of the nation state of Japan, the Japanese government started developing Hokkaido for the purpose of immigration, reclamation of land, the promotion of industry, and defense policy against the Russian Empire. In order to carry out the Hokkaido development projects, the Japanese government established the Hokkaido Development Commission (Kaitakushi) in 1869. In the 1870's, a group of foreign advisors were invited to Hokkaido from the U.S. and Europe, and many Japanese were sent to the U.S. and Europe to learn the sciences and skills needed for modernization.

However, in the late 19th century, the special administrative organization(H.D.C.) and its policies for developing Hokkaido had gradually diminished. There are some reasons why the Japanese government had not paid attention to the Hokkaido development policy. One is that Japan had attained modernization and maintained independence, regardless of the result of the Hokkaido development policy. The other is that Japan had started pursuing colonial policies in other Asian countries, for economic and military interests. At the same time, the institutions of governing Hokkaido had started to become similar to institutions in other local areas of Japan.

When considering the modernization of Hokkaido in the pre-war period, we should take into account the negative side of the development policy. The process of forming the nation state of Japan, the Japanese government suppressed the right of Ainu in Hokkaido. Also, during World War II, many Chinese and Korean people had been taken away from their countries to work in coal-minings and to carry out public works projects.

Central-Local Government Relations in the Hokkaido Development Policy in the Postwar Era

In order to investigate the characteristics and the change of the central-local government relations in regards to the Hokkaido development policy, I will following three factors: (1) Socioeconomic dimension; (2) Administrative dimension; (3) Political dimension.

The present central-local government systems in Japan are composed of three-tiers, the national government, the prefecture government, and the local government (municipalities).

National ministries are divided into different functions. Prefectures and local governments are controlled through legal authorities and allocation of fiscal resources by the central ministries. And, the prefecture government and the local government are a dual-representative system in which

voters directly elect the chief executive and members of assembly.

The central-local government systems in Hokkaido are basically been the same as in other prefectures consisting of – a national government, a prefecture government (Hokkaido government), and local governments (212 municipalities). The most remarkable feature in Hokkaido, however, had been the Hokkaido development system which included a national development ministry (the Hokkaido Development Agency) with a state minister, who was a member of the cabinet, regional branch (the Hokkaido development bureau), public financial organization (the Hokkaido-Tohoku Development Finance Public Corporation), and had special fiscal privileges that were given a higher rate of national subsidy than those in other prefectures. Except for the existence of the Hokkaido development bureau and had special fiscal privileges, the Hokkaido Development Agency has been abolished by administrative reform, which was carried out this January.

In the following, I would like to explain in further detail the central-local government relations in Hokkaido, focusing on regional economic development policy and local democracy, while applying above three points of analysis.

(1) Socioeconomic Dimension

After the defeat in World War II, Japan had many serious problems, such as shortage of food and resources, and a drastic increase in population due to people returning to Japan from abroad. The Hokkaido development policy was expected to resolve these problems. Under the new constitution, the Hokkaido Development Law was set up, as well as the Hokkaido Development Agency which was established in 1950, and the Hokkaido development system as I have explained above, had been established.

Subsequently, the economy of Japan recovered rapidly, regardless of the result of the Hokkaido development policy to obtain its objectives. The Hokkaido Development Agency had to seek new policy objectives to maintain their organization and privileged institutions. In 1960's the Hokkaido Development Agency stressed the significance of development policy for contributing to nationwide economic growth and resolving the condition of overcrowding in cities, underpopulation in rural areas, and economic disparities in Japan until 1990's.

(2) Administrative Dimension

The Hokkaido development system had the following features. Firstly, the Hokkaido development policy had mainly intended to attain its objective by transferring leading industries from overpopulated areas to Hokkaido, which has vast land and good water resources. Secondly, the system was extremely centralized in terms of the decision-making process and the allocation of resources, as far as the provision of the law was concerned. Thirdly, although the system was criticized and was called to be abolished by the central government in order to attain

administrative reform, the foundation of the system endured until 2000. The Hokkaido development system had rigid and inflexible characteristics. Finally, the means of attaining the objectives of the Hokkaido development policy are intended to allocate fiscal resources to promote the improvement of infrastructure in Hokkaido. The Hokkaido development system had strong advantages comparing to other areas in Japan, with the exception of Okinawa development system. There are two main ways to implement public works in Hokkaido. One is the Hokkaido Development Bureau, which is the national branch of the Hokkaido Development Agency that deals with large scale projects. The other is where central ministries allocate grant-in-aid to the Hokkaido government and local governments in Hokkaido. They carry out medium and small sized projects.

The most typical development project in postwar Hokkaido development policy is The East Tomakomai Industrial Base Development Project (It is located about 50 kilometers to the south of Sapporo). The project started by constructing an industrial site and a port to entice resource-oriented basic industries to Hokkaido in 1971. The project set its final objective to create 50,000 jobs and 3.3 trillion yen (27.5 billion \$), by locating plants related to steel, petroleum refineries, petrochemical, and automobiles there. The Hokkaido Development Agency, the Hokkaido government and local governments had spent more than 212 billion yen (1.7 billion \$) over 30 years, but the more than 10,000 hectare area industrial site has only sold about 10% its building sites. In 1999, the site-selling enterprise that was established by the central and local governments, and private companies went bankrupted, owing 180 billion yen (1.5 billion \$) .

(3) Political Dimension

For the most part in the postwar era, the Liberal Democratic Party (LDP) has been in power in the Diet. In contrast, the Hokkaido governor has been supported by LDP or the Japan Socialist Party (JSP) during this era. However, changes of political power in central government or changes of the governor didn't have much influence on directions of Hokkaido development policy and its system. Most of central and local politicians elected by Hokkaido constituency, regardless of political parties, have maintained the Hokkaido development system and vested interests in allocating fiscal resources for Hokkaido.

The Outcome of The Postwar Hokkaido Development Policy

What has the outcome of the Hokkaido development policy been so far? Owing to the existence of the Hokkaido development system, huge fiscal resources have been invested into Hokkaido. For the past few decades, more than 10% of the budget for public works has been allocated to Hokkaido.

As a result, the economical infrastructure in Hokkaido has been improved rapidly and

remarkably. The level of infrastructure in Hokkaido is higher than other areas in Japan (e.g. road, port, airport, water, sewage).

The Hokkaido Development Agency however, could not attain the goal of the Hokkaido development policy, with respect to population and growth rate. In other words, we can not confirm that there has been an increase and advancement of industrialization in Hokkaido, due to improvement of the infrastructure. For instance, the economic growth rate of Hokkaido is always lower than the rate nationwide. The ratio of the gross Hokkaido product to the gross domestic product has been diminished for decades.

Moreover, the structure of dependency of Hokkaido local finance and economy on central government “has been set in concrete”. Public investment is a large part of Hokkaido’s GDP in the gross Hokkaido products compared to the nation as a whole and other prefectures.

Nevertheless, Hokkaido’s per capita income has not been particularly low. It has been almost 90% of the national per capita income for decades. From a comparative point of view, the level of the gross Hokkaido’s GDP and income per capita have not been low.

The Trends of Decentralization and Independence of The Hokkaido Government

Needless to say, the Hokkaido government and the Hokkaido people, even the Hokkaido Development Agency, have taken many attempts to steer away from dependency and head towards autonomy and independence, these attempts are continuing as we speak.

I would like to talk about some of the trends in decentralization and independence in Hokkaido government from the central government.

(1) Socioeconomic Dimension

Recently, the value the people of Hokkaido put on economic development has been diminishing. For one thing, as a result of huge investment in Hokkaido during the postwar period, most Hokkaido people are satisfied with the conditions of the infrastructure. Also, the values being sought by Hokkaido people have diversified. Their values have gradually changed from the demand for the improvement of the infrastructure to human welfare, environment conservation, and participation in public affairs. In fact, from the standpoint of economic rationality, ecology, and local democracy, many development projects have recently drawn criticism from many people. Thus, central and local government have to consider these values when they decide and implement development policy and projects.

(2) Administrative Dimension

Since the merit of the Hokkaido development system has decreased, the its advantage for the Hokkaido government has decreased as well. The Hokkaido government has tried several new

policies that are different from traditional development policy. The Hokkaido government has been promoting endogenous development projects utilizing local resources, since the 1980's. However, the successful examples of endogenous development projects are rare in Hokkaido. Since 1970's, the Hokkaido government has sought original foreign associations. Its main purpose has been cultural exchanges rather than economic promotion. In mid 1990's, many people blamed the Hokkaido government for using budget illegally. Thus afterwards, the Hokkaido government has decided to reform the administrative system completely. As a result, a lot of institutions have been designed and carried out (e.g. freedom of information, citizen's participation, policy evaluation, re-assessment system of public work) At present, the Hokkaido government has begun its plan to establish new governmental system that aims to incorporate national authorities and organizations in Hokkaido, into the existing the Hokkaido government. Ultimately, the Hokkaido government intends to establish new regional government that doesn't exist in Japan yet.

(3) Political Dimension

One of the important factors in change of Hokkaido is the factor of local politics. In the central government, LDP has been in power most of the postwar period. By contrast, in Hokkaido the governors were supported in turns by LDP or JSP. Until mid 1990's, LDP and JSP has competing over the post for Hokkaido governor at every each election. Therefore, the tension between LDP and JSP has led to new policies, to some extent. Furthermore, from the long-term point of view, the strength and spread of civil movement in Hokkaido has grown. As a matter of fact, more than 250 Non Profit Organization Corporations operate in many various fields in Hokkaido. These figure is the fifth highest of all prefectures in Japan.

In summary, the Hokkaido Development Agency and the Hokkaido government have jointly invested much fiscal resources into Hokkaido. They have also maintained the privileged system until 2000. In the circumstances of changing citizen's value and increasing criticism of traditional development policy and administrative system, the Hokkaido government has tried some reforms, but, these reforms were not direct and did not show remarkable results. Fundamental fiscal allocation institutions and regional economic structure in Hokkaido basically have not changed.

The Background of Immobility in Central-local Government Relations in The Hokkaido Development Policy

The institutions of Hokkaido regional development system have been rigid and inflexible in character, and at the same time, the central government and the local governments have formed informal mixed relations, concerning policy of decision-making and exchange of policy resources. I would like to the elements of immobility in central-local government relations in the Hokkaido

development policy.

(1) Socioeconomic Dimension

The Hokkaido development policy, like other regional development policies, was justified by the combined logic of economic nationalism and anti-disparity until 1990's. This logic was adapted to changes in the socioeconomic environment during the postwar period. Although, this logic was not taken positively by the central government and the Diet, because of connected with bureaucratic inertia, these objectives of the Hokkaido development policy was accepted by them.

When Hokkaido development system was established after World WarⅡ, the central government emphasized that developing Hokkaido would contribute to the revitalization of national economy by supplying food, natural resources that could not be imported from abroad and accommodating surplus population in Hokkaido. Thereafter, whenever liberalization of trade and capital had been discussed in 60's and 70's in Japan, the Hokkaido Development Agency and the Hokkaido government had asserted that locating large-scale industries and raising agriculture that could endure in the international competition, would contribute to the growth of national economy.

Moreover, they also emphasized that supplying food, resources, and energy by Hokkaido would contribute to the strength of the socioeconomic security of Japan.

In other words, the Hokkaido Development Agency and the Hokkaido government had emphasized the importance of Hokkaido development policy as measures of defensive reaction to liberalization of trade and capital in Japan.

This shows us, we can see the existence of economic nationalism in the base of the Hokkaido development policy. Some researchers, who have study Japanese industrial policy, have pointed out the existence of economic nationalism in Japan. They explain the features of Japanese economic nationalism as follows. Japan has a vulnerable constitution because of the scarcity of natural resources. So, it is more difficult to maintain national security, compared to other countries. Concretely, Japan has very large population, but its territory limited in size, and extremely dependent on imported food and natural resources. So, Japan feels liberalization of trade, capital, finance as a threat to Japanese socioeconomic security. There is also a problem on securing foods, resources and even full employment in the changing international environment.

We can see this kind of economic nationalism in Hokkaido development policy. The Hokkaido Development Agency had justified the need for the improvement of the infrastructure in Hokkaido by emphasizing this logic.

At the same time, allocating huge fiscal budget for public work into Hokkaido was justified as a compensation for the damaged region, accompanying economic change caused by liberalization. During the postwar era, the central government allocated a lot of fiscal resources for development projects to Hokkaido, and other regions of Japan. Those resources were carried out for measures

against recession, expanding domestic consumption, creating strong constitutions that could survive in terms of liberalization. The budget of Hokkaido development, as well as the budget of public work in Japan, have been consistently growing year by year.

As a result, industrial structures that should have been transformed have not changed much. At the same time, the structure of dependency of Hokkaido's local finance and economy on central government has become concretely.

(2) Administrative Dimension

The institutions of the Hokkaido regional development system have been rigid and inflexible in character. The Hokkaido Development Agency several times tried to reform existing system to make development policy more effective. A few cabinets intended to reform the Hokkaido development system completely, but its attempts could not be carried out until 2001. The administrative organizations and politicians in Hokkaido jointly defended the privileged fiscal institutions against the movement of administrative reform in the central government. This shows a contrast with the trend of regionalism of Western Europe.

As for the Hokkaido Development Agency and the Hokkaido government relations are concerned, they had formed informal mixed relations concerning policy decision-making and exchange of policy resources. On the one hand, the institutions characterized by the centralized system have continued, and on the other hand, the interactions of central and local governments vary from institutional prescriptions, and they had formed informal relations.

As a result, the contents of development policies and projects being decided by the Hokkaido Development Agency have reflected substantial demands from the Hokkaido government and local governments in Hokkaido. Moreover, by reviewing the amount of budget of Hokkaido development, the Hokkaido government and local governments have satisfied with the role of Hokkaido development system until today.

(3) Political Dimension

The most basic behavior of Japanese central and local politicians can be explained by clientelism. Many politicians think that the most important roles are as mediators between administrative organizations having many resources and supporters, interest groups, and constituency. Looking at the members of the Diet who are elected from constituencies in Hokkaido and belonging to ruling party, they always have asserted the need of the improvement of infrastructure to resolve disadvantage conditions of Hokkaido. They use strong influence to get more fiscal resources and have introduced more development projects into their constituencies. They have also defended the Hokkaido development system against the directions of administrative reform in the cabinet. In short, most central and local politicians have sought to get more individual and shorter interests for

their supporters, rather than to propose long-term vision for surviving and advancing Hokkaido to the future.

In addition, successive cabinets did not display strong political leadership to dissolve vested interests in Hokkaido completely. Certainly, large scale administrative reform was carried out this January. As a result, the Hokkaido Development Agency and its minister were abolished. But, the special fiscal system is still being maintained. Compared to the British administrative reforms in the 1980's, I have not seen drastic structural changes in Hokkaido, like the ones carried out by the Thatcher government. (An exceptional case was the privatization of Japan National Railway accomplished by Nakasone government in 1980's.)

Referring to Japanese political culture, with respect to the background of the behavior of Japanese politicians, there exists a strong inclination to seek egalitarian conditions among Japanese. There is a Japanese proverb, "we should worry not about poverty but inequality". Prefecture governments, local governments and Diet members each sought to get national policy resources to do more public works, competing against other local governments and politicians.

Toward regionalism ?

In summary, the Japanese central government, the Hokkaido government and local governments in Hokkaido had sought to attain national economic growth and anti-disparity under the specialized system that had a national ministry, a minister and privileged fiscal institutions. As a result, the infrastructure was greatly improved, but could not accomplish the expected results. Many people have pointed out various problems about the Hokkaido development policies and its system. The central government and the Hokkaido government have tried to reform the Hokkaido development system from their own perspective, according to their sense of values, but, so far, the system has not changed any fundamental way. Until the 1990's, the Hokkaido Development Agency and the Hokkaido government have been joined by the logic of economic nationalism and anti-disparity. They also had formed informal mixed relations concerning policy-making and allocation of fiscal resources. Additionally, the Hokkaido development system has been maintained by politicians whose behavior shows clientelism.

Finally, I would like to point out some subjects that should be resolved in order to carry out regionalism in Hokkaido.

Firstly, the traditional development policies could not form an appropriate economic structure and a society in Hokkaido that would fit the age of globalization. Moreover, the result of the national fiscal deficit and the necessary change of financial structures in the central government, the budget allocated to Hokkaido is likely to be cut down in the near future. As far as the improvement of the infrastructure is concerned, it is not the fragmented and falsely egalitarian

projects but rather concentrated projects, that will contribute to effective change in the economic structure of Hokkaido.

Secondly, the central and local governments should re-define the respective domains. At the same time, they will have to define new national-minimum policies to secure citizen's welfare. Needless to say, decentralization and regionalism do not mean establishing isolated polity or socioeconomic order.

Thirdly, a long-term action plan should be designed, through political debate, to create a new governmental system. What is needed for politics is not to maintain the traditional development system, but to draw up a plan for efficient and democratic government.

Considering the above points, it is very important to conduct studies on decentralization from a comparative point of view. Through the examination of comparative research, we could clarify the conditions to rise new local government and governance.

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