Tensions in *Chihō Sōsei*, 2015: Local Realities, National Policies and International Agreements

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Abstract

本論文では、「地方創生」における日本の「地域活性化」の現状と背景を、三つのレベルで 考察するとともに、実際のケースを紹介する。まず、地域レベルにおいての「勝者と敗者」 に関し考察を加え、次に全国的なレベルにおける行政政策において、地方創生への「予算 と実際」の矛盾を分析する。最後に TPP の評価を試みる。

1. Introduction

Chihō Sōsei and Contemporary Japan

The reality of regional revitalization is that the economic and geographic tensions that create the need for revitalization emerge over the long-term, and, as such, their resolution can only be viewed as long-term. Such a "long-term" background for the case in Japan was highlighted by Ishiba Shigeru, Minister of the Regional Revitalization Cabinet, in an April 2015 Japan News newspaper article where he noted a number of disturbing fiscal and corporate realities that had created the need for *chihō sōsei* (Abe, 2015). Most important in Ishiba's mind was Japan's national debt, which stood at the time at one quadrillion yen, as well as the fact that Japanese corporations with overseas manufacturing facilities showed few signs of returning these to Japan.

These "realities" reflect outcomes of long-term policies on the part of government and long-term planning on the part of the private sector and both will take time to address. Japan's budget deficit and annual debt ballooned with the 2008-09 global recession, which was then followed by the March 2011 earthquake and tsunami, to where public debt now equals twice annual gross domestic product. Japan's manufacturing sector continues a long-term trend of relocating production overseas, with such offshoring setting a new record in the fourth quarter of 2014 and now approaching one-third of total production, all while movements in the yen rate exert little effect on reversing the trend (Nohara, 2015).

As for the current push for *chihō sōsei*, the Abe Cabinet declared in fall 2014 that a long term vision for revitalizing rural economies together with measures to address rural population decline was necessary (*The Yomiuri Shimbun*, 2014). An important component of the government's

announced plan was demographic, in an effort to reduce excessive population concentration in the Tokyo metropolitan area through creation of 300,000 jobs in rural areas. This was to be accomplished partly through preferential tax schemes to encourage firms to relocate some facilities to rural areas together with further development of agriculture, forestry and fisheries industries and tourism services in rural areas. Additional details of the long-term plan emerged in a January 2015 Japan News article which outlined that the government would call for a ¥722.5 billion allocation in the fiscal 2015 budget (The Yomiuri Shimbun, 2015a). Local response to these announcements was clear: according to the Tōōnippō newspaper of Aomori prefecture, as of the end of 2014, 36 of 40 Aomori prefectural municipalities had "high expectations" for chihō sōsei, with 35 having developed a local "comprehensive strategy" to that end (Tōōnippō, 2014). Regarding chihō sōsei at the local level, in terms of the fiction and fate of winners and losers, as well as chihō sōsei at the national level, in terms of budget realities versus policy promises, see Rausch (2015). This paper will focus on the prospects . . . and dangers of chihō sōsei at an international level.

2. Chihō Sōsei and International Agreements

The Trans-Pacific Partnership and Trickle Down Policy

Perhaps most troubling in terms of examining *chihō sōsei* policy as of 2015 is the prospect of the Trans-Pacific Partnership (TPP) being ratified by the participating countries in the near future. In order for the TPP trade agreement to take effect, the respective member countries will need to obtain parliamentary approval of the agreement. As outlined in a fall *Japan News* article, the timeline for TPP ratification in Japan calls for compilation of a policy outline with fiscal implications in November, 2015, with budget deliberations on a budget including TPP components to begin in late January 2016. The 12 TPP participating members are expected to sign the agreement in early February of 2016, with Japanese Diet deliberations on the agreement and relevant bills to begin in April. According to the schedule as outlined in the article, the TPP agreement and relevant laws are to be enacted by late May, 2016 (*The Yomiuri Shimbun*, 2015b).

Regarding the TPP agreement itself, another article published the same day quotes Prime Minister Abe as saying "A large economic zone will be formed in which our originality will be firmly maintained in a wide range of fields and the high quality of Japanese products will be properly evaluated" (*The Yomiuri Shimbun*, 2015c). In the same article, he is quoted on measures to assist domestic farmers, saying "By encouraging exports and promoting conversion [of agriculture] into a 'sixth sector,' we aim to increase farmers' income levels (*The Yomiuri Shimbun*, 2015c). These comments were, however, offered less in relation to *chihō sōsei* policy than in his "newest" policy framing as "a society with all 100 million-plus people dynamically engaged, . . ." through which by "mobilizing all policy measures, I will realize my plan to increase [Japan's nominal] gross domestic

product to yen 600 trillion" (The Yomiuri Shimbun, 2015c).

Of course, the devil of any large-scale agreement is in the details, as ten days later, The Japan News carried an article outlining the main points of the government's "comprehensive TPP-related policies" (The Yomiuri Shimbun, 2015d). Categorized as being "offensive" or "defensive" in nature. the offensive policies aim at an increased success rate for second tier, midsized and small firms to 60 percent or more in opening overseas markets and expanding operations in overseas locations along with achieving yen one trillion for agricultural, forestry, fishery and food product exports before 2020 and winning infrastructure systems orders worth yen 30 trillion by 2020. Described in greater detail, the government will promote exports by small and midsize companies through creation of consortiums comprised of the [central] government, local authorities and chambers of commerce and industry to provide support in product development and meeting international standards. Another vital point calls for stimulating the domestic economy through foreign investment, with a goal of having global companies set up at least 470 research and development centers, orchestrated through the Japan External Trade Organization (JETRO). Finally, the plan sees Japan's infrastructural capability as centering on power plant and high-speed rail development, with these sectors not only being able to withstand the international bidding that TPP would open up within Japan, but also with Japan competitively bidding for such projects overseas (The Yomiuri Shimbun, 2015d). Regarding defensive measures, TPP policy will, in response to new import quota agreements, maintain rice prices amid higher imports by increasing purchases for government rice stocks and increase payments to cover beef and pork deficits to from 75 to 90 percent (The Yomiuri Shimbun, 2015d).

Of course, local newspapers allocated much ink and paper to the prospect of a TPP-controlled domestic economy. Taking Aomori's $T\bar{o}\bar{o}nipp\bar{o}$ newspaper as source, November 2015 saw 14 days of reporting in one form or another from the 1st through to the 25th. Much of this coverage included attempts at detailed analysis of the impact of TPP stipulations on local agriculture ($T\bar{o}\bar{o}nipp\bar{o}$, 2015a, b, c), local governmental officials response to this analysis ($T\bar{o}\bar{o}nipp\bar{o}$, 2015b, f) and coverage of national-level debates and the political posturing of the ruling government ($T\bar{o}\bar{o}nipp\bar{o}$, 2015d, e, g, i). The level of local support was provided in an article describing results of a national survey of municipal sentiment regarding the agreement, with 37 percent of municipalities, predominantly in rural prefectures, voicing opposition, 23 percent indicating support, and the remaining 40 percent being undecided. Within Aomori Prefecture, eight municipalities were firmly opposed, with another eleven "comparatively against" the treaty, versus nine municipalities either in support or "comparatively supporting" the treaty and 12 uncommitted either way (($T\bar{o}\bar{o}nipp\bar{o}$, 2015f). By the end of the month, specific policy plans were being reported, along with rensai-type columns taking up analysis and responses, one titled "Market Opening Underfoot" (shijo kaiho ashimoto; $T\bar{o}\bar{o}nipp\bar{o}$, 2015h) and another "TPP: Hearing from an Expert" (TPP: senmonka ni kiku; $T\bar{o}\bar{o}nipp\bar{o}$, 2015j, k).

While the impacts that are identified in the local press coverage generally concern lower price

regimes, with the Aomori prefectural concerns concentrated overwhelmingly on rice, followed by apples in the western municipalities, the responses outlined mirror those of outlined above, with the *rensai* columns articulating and responding to the "dissatisfaction with marginal profit potential for farmers" in one case ($T\bar{o}\bar{o}nipp\bar{o}$, 2015h) and "media products creator's rights regulations" ($T\bar{o}\bar{o}nipp\bar{o}$, 2015j) and "domestic market changes" ($T\bar{o}\bar{o}nipp\bar{o}$, 2015k) in another. While the media, both national and local, are endeavoring to portray various aspects of the many sides of the TPP, it is a given that international trade treaties are universally born of great promises by business negotiators and government promoters, after which they are then generally endured by the workers and residents that are mostly, and usually, adversely impacted. Suffice it to say, while the economic impacts of the TPP can be predicted as either highly beneficial or profoundly disastrous, depending on one's ideological point of view and preferred data set, the full implications of the TPP on a range of issues—globally economic, but also legal, financial, environmental and in terms of equality and justice—will only be truly felt once the deliberations are over and the treaty is signed.

3. Conclusion

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This examination of contemporary *chihō sōsei* in Japan opened by noting the universal reality of time and geography in such matters: the conditions that lead to a need for revitalization unfold over time and place and, as such, any responses to address such need for revitalization will, likewise, require time and be undertaken at various levels of place. That noted, this paper has focused on the tensions specific to and inherent in Japan's *chihō sōsei* as of 2015 specifically regarding Japan's specific domestic circumstances versus TPP as global trading obligations.

It is clear from looking at the reality of local efforts toward *chihō sōsei* that innovation and opportunity in local economies go hand in hand with limitation and competition; as innovation emerges and opportunities are sought and created, limitations in the local economy become apparent and competition between local enterprises emerges. At the national level of policy promises and budget realities, citizens have reasonable expectations that their government will make realistic budget promises with true policy intentions. However, policy undertaken for empty objectives and budgets that are ultimately unrealizable are all too often a fact of modern governance. Similarly, policy priorities must reflect citizen realities; government can coerce businesses, and their own bureaucracies, to relocate to regional sites, but it is the average and ordinary citizen that bears the burden of such centralized directives. Finally, participation in the global economy by states and corporations is a given; whether nation-state governments have given away too much of their sovereignty for that reality is a question that will be answered over the coming years and decades should the Trans-Pacific Partnership come to pass. On the basis of the tensions outlined herein, a range of predictions broad and narrow can be outlined and offered. Ultimately however, the ongoing

outcomes of the current chihō sōsei policies and posturing will only become apparent over time.

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