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REGIONALISM IN THE NEW GLOBALIZED ECONOMY:
POLITICS OF SCALE AND THE DISCOURSE OF REGIONALISM
– COMPARATIVE POLITICS OF TWO JAPANESE GLOBAL CITY-REGIONS –

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A Dissertation

Submitted to the Faculty of the

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A Dissertation Approved on

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ABSTRACT

REGIONALISM IN THE NEW GLOBALIZED ECONOMY: POLITICS OF SCALE AND THE DISCOURSE OF REGIONALISM – COMPARATIVE POLITICS OF TWO JAPANESE GLOBAL CITY-REGIONS –

Takashi Tsukamoto

December, 2005

This study examines the effects of globalization on state restructuring and the status of cities and local governments. I conduct a comparative case study of two Japanese world cities, Tokyo and Osaka, Japan. Existing globalization theories offer only partial explanations that fail to grasp the dynamic aspects of such rescaling. To explore the dynamics of government restructuring, this study investigates the relationship between decentralization, regionalization and globalization, highlighting the role of local leaders who employed political rhetoric in their efforts to rescale the city.

This research finds that uneven economic effects of globalization are not the direct cause for the political actions of local leaders for government rescaling. Instead, local leaders pursued regionalism as political strategy, including to improve their ability to gain central government aid and to improve independent local economic viability, depending on the conditions of locally specific intergovernmental relations. Regionalism was a function of competition between city-regions over central government aid rather than globalization. The Japanese central government favored directly Tokyo as its strongest city-region for investment under globalization. In response,

the leaders of the disadvantaged region Osaka sought decentralization for autonomy and regionalization for economic viability. The consequence is the combination of decentralization and regionalization under globalization. This process observed in Japan can provide insight as to the effects of globalization on government structure and the importance of local politics in the government rescaling.

This theoretical approach to globalization and its effects on government does not contradict existing theories in the literature. Rather, this local strategic interactive approach supplements them by weaving them together. By introducing the strategic actions of local actors to the existing theories, it can reconcile competing theories, such as world cities thesis versus the nested scale theory and state glocalization versus new localism.

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CHAPTER I

INTRODUCTION

Overview

This chapter delineates an overall picture of this research study, including the research topics, objectives, questions, and thesis and brief descriptions of the chapters that follow.

Introduction

We should not conceive of the structures of domination built into social institutions as in some way grinding out ‘docile bodies’ who behave like the automata...Power within social systems which enjoy some continuity over time and space presumes regularized relations of autonomy and dependence between actors or collectivities in contexts of social interaction. But all forms of dependence offer some resources whereby those who are subordinate can influence the activities (Giddens 1984 p16).

Globalization stems from advancements in technologies and capitalism. Such developments have been stretching the spatial and temporal boundaries of our communities ever wider for “time-space distancing” (Giddens 1990) and accelerating the speed by which events travel across different communities for “time-space compression” (Harvey 1989). As a consequence, under globalization, unprecedented

scopes of territories and societies simultaneously interact and inter-depend, producing overreaching yet multi-faceted changes in their economic, political, social and cultural conditions. In this way, globalization represents a social change process and force to produce new configurations in the relationship between politics, economy, society, culture and geography. Anticipated new configurations from globalization include “the end of nation-states” (Ohmae 1995) and “the end of history” (Fukuyama 1992).

Although these understandings of globalization assume structural and macro-environmental functions working “top-down,” globalization also develops “from below” in the sense that it is a result of strategic actions taken by a large number of locally-rooted human agency (Cox 2002^a; Jessop 2000). The latter interpretation of globalization indicates that globalization is a consequence of structuration (Friedmann 2001; Brenner 2004), in which human decisions and behaviors collectively reform patterns of societies (Giddens 1984). That is, over time, out of recursive interactions between independent agencies and structural influences of social systems emerge new patterns of societies. Through the process of structuration, human agents gradually opt out from existing forms to adopt new forms of social systems as Giddens (1984) axiomatically expresses in the above quote. It follows that, although macro-economic forces and higher level governments constrain local governments in the frameworks of existing political structure, local governments are cable of restructuring the frameworks from below. According to some researchers including Friedmann and Brenner, globalization internalizes this kind of from-below political structure reformulation.

These understandings guide this research to gain theoretical understanding about the effects of globalization on existing government systems, particularly on horizontal

and vertical intergovernmental relations. I will examine the process of political rescaling under globalization through investigations of the from-below activities implemented by local political leaders. This research approach contrasts with the “regulationist” approach often represented by phrases, such as “relativization of scale” (Jessop 2000), “glocalization” (Swyngedouw 1992), and “reterritorialization” (Brenner 1999) of national states to explain government restructuring under globalization. In stead of focusing on the central government policy, which regulationists tend to do, I will study the role of local political actors and their political strategies through grounded accounts of their behaviors. This political action-based research will also complement earlier globalization studies, which are often prone to economic determinism and structurism (for example, Friedmann and Wolff 1982; Ross and Tracht 1990; Knox and Taylor 1995; Sassen 2001^b).

To implement this research conception, I will conduct a comparative case study of two Japanese world cities, Tokyo and Osaka. Japan was traditionally a highly centralized developmental state. Yet, since the late 1980s, decentralization has been an important political agenda, with administrative and fiscal decentralization reforms accomplished in recent years. Another development is a government-appointed committee, which is currently under session to discuss the way to implement major local government reorganization for higher local autonomy. At the local level, Osaka and Tokyo have been planning regionalism strategies to gain global economic competitiveness, each having contrasting policy directions: a concentrated functional regional development in Tokyo; an extensive local state building in Osaka. Another difference with regard to these Japanese world city-regions is the nature of their relationships with the central government. These developments and differences present opportunities to gain

understanding about the political restructuring, its relation to globalization and the functions of local actors. For example, the variance in the central-local relations between these two areas could account for the different goals these two Japanese world cities set out for regional development strategies. Comparisons of differences open up opportunities for theoretical inquiries (Pickvance 2001; Lickback and Zuckerman 1997).

By limiting observation points to two city-regions in a single national state, this study aims for a holistic inquiry with nuanced analyses of political actions and interactions. Since an exploratory inquiry to contribute to theory is the primary objective of this study than testing a model, a compact comparative study for incisive findings is sought. With this design, this research tries to shed light on the effects of globalization on the government restructuring resulting from policy choices at the central and local levels. The assumption is that the effects of globalization on cities and local governments is largely politically induced, involving both central and local decision-makers. Their actions and interactions gradually shift the structural properties of institutions. Many researchers consider political decentralization and local government regionalization the defining political changes arising from globalization. The strategy of this research is, therefore, to observe political interactions to describe the process of regionalization and decentralization. In so doing, I will examine the effects of globalization on government.

In the following sections, I will explain through the descriptions of research topics, objectives, questions, and thesis how I will approach to the goals of this study.

Research Topics

This comparative case study investigates effects of globalization on state restructuring and the status of cities and local governments. Many researchers generally agree on cities and local governments gaining economic significance and political autonomy under globalization. However, there are debates as to whether the significance of the central government has diminished (for example debates between Hill and Kim (2000) and Friedmann (2001) and Sassen (2000^a) and between White (1998) and Sassen (1998)). Some empirical study shows that many central governments have reinvigorated their policy interventions in their world cities under intensifying globalization (Tsukamoto and Vogel 2004). Therefore, understanding of the impact of globalization on government structures/relations is far from conclusive. Given this, I will explore how, if any, the economic globalization stimulates governmental changes by examining the process of rescaling in territorially defined political economies, common interests and community identities.

Within this research goal framework, there are three central topics to investigate. This first topic is about the state decentralization and local regionalism. Interrelations between the economic globalization and empowerment of cities have been in scholarly discussions since 1980s. A score of researchers described networks of advanced capitalist cities forming a new global economic system (Friedmann and Wolfe 1982, Friedmann 1986, Feagin and Smith 1987, Ross and Trachte 1990; Sassen 2001). Cities in the commanding positions of the global economic networks are often called “world cities” (Friedmann 1986) and/or “global cities” (Sassen 2001). The formation of the world city networks marked the era of globalization in which the hegemonic power of national

states dissolved into uncertainty: the reterritorialization of national states characterizes globalization (Brenner 1999) as they hollow out from the controlling role of capital (Jessop 1993). Under this territorial uncertainty from globalization, it is said that various forms of political restructuring and territorial rescaling are occurring. For example, neoliberal policies devolve responsibilities to lower governments (Pickvance and Preteceille 1991; Kincaid 1999); “new regionalism” emerges where regional economic networks consolidate local socioeconomic space (Amin and Thrift 1994; Storper 1997; Barnes and Ledebur 1998; Scott 1998); and local identity and culture regain political importance for regionalism and autonomy (Keating, Loughlin, and Deschouwer 2003). These developments underscore the tendency towards decentralization and regionalization under globalization. These research results indicate that the two types of political rescaling are of key importance to understand of governmental restructuring process resulting from globalization. Given this, I will examine the topic of decentralization and regionalism under globalization as the operationalization of the effects that globalization has had on government structures and political orders. Through this examination, the question of the effects of globalization on government will be explored.

The second topic is the rhetorical aspects of political rescaling under globalization. Rhetoric plays important part in politics (Edelman 1985) while identity can be a rhetorical tool for political ends (Calhoun 1985). Rhetorical use of identity can change the understanding of territorial political space and scale. For example, Agnew (2002) observes political parties use identity to position political space and define scale with which political territorial claims are determined. In this territorialization process, the

rhetorical aspect of place identity is considered a central factor along material conditions (Agnew 2002). Given this, I will investigate the discourse included in rescaling politics as the second topic of this research, such as “positioning” of political identity and “scaling” of territory. It is hoped that the examination of this topic will reveal the contents of political actions, particularly those of local leaders. Incidentally, once the behaviors of local leaders in their rescaling efforts were revealed, it would suggest the need for new urban politics models. General agreement on urban politics is that the scope of local politics is limited by the nature of intergovernmental relations and the free market system (Peterson 1981; Kantor 1988). However, if local leaders can change the nature of intergovernmental relations through rhetorical politics from-below under globalization, this implied that local leaders can change the nature of the structural limits of their policy scopes. The corollary is a new analytical modeling for urban politics, policy decisions and development.

The last topic is the government scope and rescaling under globalization. Regionalism under the global economy contains both decentralizing and centralizing consequences. Although regionalism generally has a decentralizing tendency with enhanced autonomy in relation to the central political power, it is centralizing for the lesser communities being bundled up with powerful major cities in the regions. The logic of competitiveness puts heavy pressure on decision-makers to regionalize and use its resources on concentrated strategic sites to enjoy internal and external economies of scale and higher return on investments. The dilemma for the public leaders is the tendency that free market system makes sure that governments rescale themselves to satisfy the demand of capital (Jessop 2000). If local decision-makers are under economic pressure for

regionalization, then, is regionalism under globalization really a political choice? Can government have a control over political scale? Alternatively, if it is not possible for government to maintain political autonomy free from capital motives, then how much can it resist and what are the resources for resistance? To identify the problem areas of local rescaling under globalization, the third topic is a discussion of the scope of the public sector vis-à-vis the mandate of the free market force. I will review the dilemma of government and explore the potential and limit of the public sector for government under globalization.

Research Questions and Objectives

Descriptions developed in the above section can be restated that this study deals with political reactions to the emerging geographical mismatches under globalization between the motivations of capital and existing government structures. Governments have innate disadvantages to capital. The public sector is not only geographically bound but also territorialized by various scopes of political representation, ranging from national to municipal. Under this, various governments compete to adapt to the behaviors and demands of capital. Scale becomes the central issue in this competition and accompanying political dilemmas and struggles. Neil Smith (1993, p99) defines scale as “geographical resolution of contradictory processes of competition and cooperation.” That is, scale determines who constitute “insiders” and “outsiders.” Once these groups are identified by scale, members of each group share common territories internally and cooperate for geographically determined mutual goals while they compete against the members of other geographically bound groups. It can be quite arbitrary as to how the

determination of scale and the consequent definitions of the boundaries are determined.

As introduced above, one of the most important debates of globalization is how it leads to political processes of scale definition and redefinition. Thus, the goal of this research includes examination of the political process for rescaling. This examination contributes to the knowledge of globalization's effects on government structure.

The following three questions reflect the three topics described above and represent the central inquiries of this research project:

- How globalization, political decentralization and local regionalism interrelate?
- What political leaders do to implement regional rescaling under globalization?
- How local communities can resist the rescaling driven by economic competitiveness?

These research questions are translated into three research objectives. Although described separately, these objectives interrelate and cross-reference one against another.

The first objective is to examine the political process of rescaling under the global economy. As briefly touched above, many researchers discuss state rescaling in relation to globalization. For example, the behaviors of capital undermine the territorial control of national states (Friedmann 1986; Sassen 2001^b; Knox and Taylor 1995; Jessop 2000), national government neoliberal policies implement “glocalization” (Swyngedouw 1997; Brenner 1999; MacLeod and Goodwin 1999), and economic activities enhance regional ties and its relative importance (Amin and Thrift 1994; Storper 1997; Barnes and Ledebur 1998; Scott 1998). Their analytical perspectives to explain rescaling rely on either the function of economic system or central government behaviors. Contrary to these

approaches, this study pays attention to local political actions, including central-local negotiations and local-to-local competition, to study the process of government rescaling. The investigation includes political negotiations between local and central political leaders in state rescaling, the power of local actors, particularly that of the strategic city of state interests, and competitive relations between different city-regions, particularly between the most powerful and others. The speculation is that local political actions play crucial roles in the redefinition of state political economy. With these propositions, the first objective is to implement examination sensitive to strategic actions and interactions between differing scalar interests of central, regional and local governing bodies. This objective will be achieved through the investigation of decentralization and regionalism under globalization.

The second objective is to analyze the discursive process of regional rescaling. Places, including regions, are the “settings for social and economic existence, and for forging identities, struggles, and strategies of both a local and global nature” (Amin and Thrift 1994, p9). Place is a process: it does not have boundaries for simple enclosures, or single identities but have specificities that are continually reproduced (Massey 1993). As such, the scale, identity and power order of place are contested, reproduced and transformed for eternity. Regionalism is an example of the evolving processes of political territorialization. The continuous territorialization process includes political efforts to negotiate ideological and epistemological understanding about shared values and interests attached to space. It contains rhetorical politics to redefine community with a newly positioned identity in relation to a reinvented scalar world order. It includes redrawing the scale of social system to determine which space is relevant to local interest and which

others are external. With this conjecture, the second objective is to investigate the discursive strategies existing in the politics of scale by which political agents transform ideas about communities and their spaces.

The third objective is to discuss the problems of rescaling and equitable governance. Regionalism may be a desired strategy to compete in the global economy. It can be considered an example of how “globalization makes (city-)states” (Keil 2003) where competing ideas of local government aspire to local political determination and independence. However, regionalism to maintain and/or increase economic competitiveness could create new peripheries within the newly defined regions. For example, a regional economic development authority would concentrate investments on the most developed areas of the entire region and shift resources from secondary regions that would have received more public investments if their own local governments had maintained the policymaking authority. In the U.S. context, a metropolitan regional development authority would concentrate on downtown revitalization and suburban developments at the cost of overall inner-city and inner suburbs developments. Spatial selectivity to “privilege certain places through accumulation strategies and hegemonic projects observed at the national scale” (Jones 1997, p849) can happen to the regional level. Capital always demands the most efficient scalar arrangements from the state to take advantage of the public sector’s need for capital (Jessop 2000). This amounts to a situation where the public sector does not have autonomy under the logic of global competition and mobile capital. It means local governments cannot resist globalization but support elite local business interests through regionalization. This begs questions: can governments not rescale according to the logic of equity and democracy? In what ways

can local governments resist politics of scale motivated by economic growth? What is the scope of government? These are important questions under the neoliberal economy of globalization. The third objective includes discussions to identify normative grounds to answer these questions.

Scope and Significance of Study

An inquiry into the process of deterritorialization and reterritorialization consists of the main content of this study. The tensions and conflicts caused by the incompatibility between expansive yet selective capital motives and territorially-bound state interests will be examined to understand the political interactions leading to decentralization and regionalization under globalization. I will explore the process and politics of rescaling and discuss the problematics the new scalar arrangements internalize. An outline of some of research findings would include:

- Globalization has uneven geographic development effects at the local level.
- This threatens existing national state structures and upsets scalar understanding of existing political communities.
- Under this condition, local leaders have unique incentives, depending on the conditions of their economic advantages, to implement from-below politics to improve their local competitive advantages. The most competitive city would look for central government investment by arguing higher return on investment while other cities would seek central aid on equity ground.

- The central government has its own competitive logic under globalization: it is increasingly persuaded by the logic of its most competitive city and sees redistribuitional policy as unwise.
- This pushes other areas for self-determination. They demand political autonomy while promoting regionalism for economic viability after higher autonomy through from-below political activities.
- As a consequence, there will be the combination of decentralization and regionalization changing the nature of government structure while limited centralization taking place at the growth pole city.
- This government restructuring is mainly the result from political actions initiated by local leaders and strategic interactions among them in counter to the uneven economic impacts of globalization.
- In this way, the uneven economic effect of globalization results in government fragmentation at the central level and regionalization at the local level. A combination of various from-below local politics and policy plays a central role in this government restructuring.

With analytical findings and theoretical arguments developed from the above outline, this study would contribute to the literature in a number of ways. The first is a nuanced empirical account of central-to-local and local-to-local political interrelations to explain decentralization and regionalization under the global economy. Globalization literature often alludes to decentralization-regionalization linkages but only limited studies attempt explicit analysis of the linkages (e.g. Keating, Loughlin, and Deschouwer

2003). By ascertaining the mechanism that connects decentralization and regionalism, this study describes the effects of globalization on government structure and the centrality of local political actors in the mechanism. This will be an addition to the literature. The second is an understanding of the content of regionalism politics through the rhetorical elements involved in the politics of scale. This study decomposes the arguments developed for the creation of new regional scale, interests and advantages. Once the discursive elements of region building were identified, it would not only allow critical analysis of regionalism politics but also help identify methods that can make regional planning easier. The third is an addition to the critical discussion of regionalism for global competitiveness. Regionalism for competitiveness cannot fundamentally solve the mismatch between capital and state motives. Thus, this type of regionalism is only a temporary solution to the uneven development arising from globalization within a national state. Findings from this research may shed light on the way to redirect competitiveness logics towards more equitable and sustainable government goals and forms.

This is a case study based on a single country, including a comparison of its two world cities. This method was chosen because of its facility for nuanced observations and in-depth analyses. Because this study has a characteristic to explore theoretical understanding, case study fits its purpose. On the other hand, as a study based on a single national state, not only the applicability of the findings to other political culture and government frameworks is limited but the findings might be a reflection of unique phenomena of the Japanese political culture. To compensate this ideographic nature, I will heavily rely on existing theories to build analytical framework (details will be

discussed in Chapter 3). Consequently, the research data are contrasted against generalized analytical criteria. However, fundamentally, nomothetic inquiry is not the main purpose of this study. Therefore, the findings of this study should be tested against the experiences of other cases for better abstraction and theorization in later research studies.

Organization of Study

Chapter 2 reviews the literature to position the research questions and objectives of this study in relation to what is currently known about globalization, de- and re-territorialization, scale, regionalism and urban politics, rescaling, agency, identity and globalization. It also discusses the theories of the social regulation of economic conditions and agency-structure relationship in social change. Finally, it explains the politics of scale in relation to place identity and culture.

Chapter 3 describes research methodology. This pertains to the approach taken to conduct an empirical study to answer research questions. I will discuss the rationales and theories as well as the descriptions of the research methods used in this research. Data collection, coding and analysis methods are also detailed in this chapter.

Chapter 4 covers a review of Japanese political system, reform processes and current conditions. This includes the conditions of two Japanese world cities, Tokyo and Osaka. An attempt is made to connect the theoretical topics covered in the literature and the changing conditions of Japanese political system and its world cities.

Chapter 5 and 6 are the empirical analyses of scale politics and regionalism development in Tokyo and Osaka, respectively. Both chapters include the current

conditions of regionalism in these Japanese world cities articulated according to the analytical framework based on the grounded theory.

Chapter 7 compares the findings from Chapters 5 and 6 to reach theoretical understanding about regionalism and the roles of local political actors. The comparative findings include the mechanism of local government rescaling from below and the process of discursive politics in the politics of scale for regionalism.

Chapter 8 concludes the research by presenting the findings obtained in Chapter 7 in a generalized form, including a normative argument for the role and scope of the local government in the global economy and competition.

CHAPTER II

REVIEW OF LITERATURE

Overview

This research studies political restructuring under the global economy and the role of political actors in the change process. It is generally agreed that globalization became a force during 1970s. Since, it has brought about broad economic, political, and cultural changes to the societies. Globalization has also been accused of making changes to the ways political institutions organize and operate. Of these changes, the change in relationship between the economic, the political and the geographic is the topic of this study. I will examine this by paying attention to the inter-governmental relations and local political initiatives. In this section, I will review the literature to synthesize what is already known in the relevant fields and build a theoretical platform on which the research design and objectives of this study will sit.

Globalization and Decentralization

Globalization encompasses a broad range of phenomena including the economic, the social, the political and the cultural. Yet, probably, it is best described as of geography to signify its most fundamental nature. To prove, two of the most succinct descriptions of globalization refer to the change in the spatiality of human life. “Time-space compression” used by Harvey (1989) refers to “the intensification of ‘discrete’ events in real time and/or the increased velocity of material and immaterial flows over a

given distance” (Jessop 2000, p340). That is, the speed-up in the pace of life is overcoming spatial barriers so that “the world sometimes seems to collapse inwards upon us” (Harvey 1989, p240) and “time-space distancing” introduced by Giddens (1990) describes that “the stretching of social relations over time and space so that relations can be controlled or coordinated over longer periods of time (including into the ever more distant future) and over longer distances, greater areas or more scales of activity (Jessop 2000, p340). Consequently, “the relations between local and distant social forms and events become correspondingly “stretched”” (Giddens 1990, p64).

Strategies and ideological projects sponsored by the advanced economies of the West have been promoting globalization (Keil1998; Brenner 1999; Jessop 2000; M. P. Smith 2001). A geographic understanding of globalization can most clearly highlight the uneven, multi-scalar developments involved in the economic globalization process from these projects. The levels of integration to the global economic system vary across various parts of the world. The best example of this situation is the world cities and their hierarchal order (Friedmann 1986; Knox and Taylor 1995; Sassen 2001^b). By conceptualizing the leading cities in the global economy as hierarchically connected nodes of economic command and accumulation, the world city theorists explain that global economy is produced and distributed unevenly through and within world cities (Friedmann 1986; Knox and Taylor 1995; Sassen 2001^b). Other geographically uneven and multi-scalar developments resulting from globalization include: economic blocks comprised of cross-boarder regions such as NAFTA and EU (Jessop 2000), continued strata of the “core,” “semi-periphery” and “periphery” in the world system (D. A. Smith

and Timberlake 1995) and the triad of Europe, North America and East Asia (Hill and Kim 2000). Jessop (2000, p341) explains:

Thus economic globalization clearly involves a combination of processes on many different scales and is certainly far from being a purely 'global' phenomenon...what globalization involves...is the creation and/or restructuring of scale as a social relation and as a site of social relations.

This "creation" and "restructuring" of scalar relations is the source of relative decline in the national state as the supreme scale, often expressed as "hollowing-out," (Jessop 1993), "glocalization" (Swyngedouw 1992) and "reterritorialization" of nation state (Brenner 1999). Politically, decentralization has become the trend accompanying globalization (Rodriguez-Pose and Gill 2003). The nature of capital itself causes the relative decline of nation-states as the dominant political economic scale. Capital is mobile in search of accumulation. Capital, for example, seeks cheaper labor forces and better investment sites regardless of political boundaries. Globalization process supported by advanced technologies as in "time-space compression" and "time-space distancing" allows the economic moment to override territorially fixed political moments (Harvey 1989; Jessop 2000). There is a mismatch between the mobile motives of capital and the fixed interests of state. Consequently, the spatial arrangement of national political sovereignty and territoriality is changing (Cox 2002^a), the temporal acceleration of capital circulation is eliminating national special barriers (Brenner 1999), and the political spatio-temporal fix at the national is weakening toward denationalization (Jessop 2000). Jessop (2000) further explains that denationalization process is accompanied by

the growth of multi-tiered global city networks, the formation of triad economies (e.g. EU and NAFTA), the re-emergence of regional and local economies in national states, and the resurgence of local cultural and national identities. Denationalization also includes de- and restatization – a shift in the political system from the public sector to the private sector, including change from government to governance, and the opposite trend of the political regulation of private sector at different scales (Jessop 2000), leading to regional development and independence (Keating, Loughlin, and Deschouwer 2003).

Consequently, smaller political scales such as the urban and city-regions are becoming the substantive sites of real economic activities, trying to articulate into the global system. Thus, it can be argued that these sub-national scales in fact support globalization through their collective strategic actions (Cox 2002^a). Observing this aspect of globalization, Keil (1998) asserts that globalization takes place in local states. These developments and arguments add up to that globalization is a result as well as cause of decentralization of national political economy system. Decentralization forces create globalization as well as the latter creates the former.

Scale and New Politics of Scale

Term *new politics of scale* is sometimes used to represent the process in which national states implement denationalization and decentralization in relation to the globalization of economy. New politics of scale includes the conditions expressed as “hollowing-out,” (Jessop 1993), “glocalization” (Swyngedouw 1992) and “reterritorialization” of nation state (Brenner 1999) briefly described in the above section.

Elaborations on these concepts are in order in this section. But before that, the concept of geographic scale and its political nature should be made clear.

Geographical scale is “the level of geographical resolution at which a given phenomenon is thought of, acted on, or studied” (Agnew 2002, p16). Therefore, it is “the focal setting at which spatial boundaries are defined for specific social claim, activity, or behavior” (Agnew 2002, p16). Neil Smith’s definition of geographic scale (1993) stresses power that geographical scale internalizes. For him, scale is “the geographical resolution of contradictory processes of competition and co-operation (Smith 1993, p99) because it is:

[A]n active progenitor of specific social processes...Scale demarcates the sites of social contest, the object as well as the resolution of contest. Viewed this way, the production of scale can begin to provide the language that makes possible a more substantive and tangible spatialized politics...It is geographical scale that defines the boundaries and bounds the identities around which control is exerted and contested (Smith 1993, p101)

Therefore, scale determines the order and values of a society by demarcating who and what are included and excluded, what are the collective interests and objectives and who and what are subject to privileges and prejudices.

Scale is “not simply an external fact awaiting discovery but a way of framing conceptions of reality” (Delaney and Leitner 1997, p94-95). Thus, scale is socially constructed, determining how a place is different from another (Smith 1993). “The differentiation of geographical scales establishes and is established through the

geographical structure of social interactions” (Smith 1992, p73). Naturally, the framings of scale – “the particular ways in which scale is constructed” (Marston 2000, p221) – are contested, instable and subject to political process (Marston 2000). Thus, power and scale are mutually constructive. Politics of scale fixes “the focal setting at which spatial boundaries are defined for specific social claim, activity, or behavior” (Agnew 2002, p16) and, subsequently, determines “the dominant geographical scales of political rhetoric and organization” for further entrenchment of political power (Agnew 2002, p192). Swyngedouw (1997, p140) summarizes:

Spatial scale is what needs to be understood as something that is produced; a process that is always deeply heterogeneous, conflictual, and contested. Scale becomes the arena and moment, both discursively and materially, where sociospatial power relations are contested and compromises are negotiated. Scale, therefore, is both the result and the outcome of social struggle for power and control.

Scale is an essential concept to regulation theory, which attempts to explain how the contradictions of capital are resolved through sociospatial relations (Swyngedouw 1997).

Swyngedouw (1997, p145) describes:

If indeed, capitalist society is rife with conflict, tensions, and power struggles along intraclass, class, gender, and ethnic lines, the practical and theoretical problem of political economy lies exactly in explaining why a restless, deeply heterogeneous, conflict-ridden mode of social organization maintains some sort

of coherence while being intensely dynamic through the perpetual struggle for power and empowerment through which forms of domination and oppression are continuously (re)produced, changed, and /or transformed. The production and reconfiguration of scale is central to this process.

New politics of scale discusses the power dynamics of scale from the perspective of regulation theory and contextualizes it in the relationship between national state and globalization.

In regulation theory, capitalism is considered sustainable only by being supported by extra-economic factors, such as “the wage relation, forms of competition, money, the state and international regimes” and “the broader social consequences of the dominance of capital accumulation” (Jessop 2000, P325). These non-economic, social conditions are the mode of regulation, specifying “the political and sociocultural institutions and practices which secure (the nature of capital) relationship” (Painter 1995, p227). Without the mode of regulation, capitalism faces crisis because of its internal contradictions and incompleteness. Capitalism seeks accumulation through commodification of everything; reducing, for example, labor and land into their exchange regardless of intrinsic use values of labor and land. This commodification practice is unsustainable. For example, use of labor for exchange value only will minimize wage to deflate market demand. Consequently, governance providing the mode of regulation is essential for the success of capitalism (Jessop 2000). The framework of this mode of regulation is the “social fix,” which provides pattern of structural coherence to solve the contradictions of capital for a relatively prolonged period (Jessop 2000). Importantly, this social fix relies on the determination of geographic scale. Demarcation of capital system with a scalar fix, or

“spatio-temporal fix,” allows accumulation in specific locational context by changing particular interests of capital into the general interest of a scalar community. Jessop (2000, p335) explains:

These strategies (spatio-temporal fixes) seek to resolve conflicts between the needs of ‘capital in general’ and particular capitals by constructing an imagined ‘general interest’ that will necessarily marginalize some capitalist interests... The general interest thus delimits the identities and relations relative to which calculation of interests occurs; and it confines the spatial and temporal horizons within which this occurs.”

In this way, general interest defined by general scale sets normative thresholds about the uneven distribution of capital functions; i.e. how much unevenness should be tolerated within a community for its “general” interest.

Keynesian Fordism during the 1950s and 1960s in North American and West Europe represents quintessential examples of a social mode of economic regulation with a scalar fix. Keynesian Fordism stands on a virtuous growth circuit of capital based on mass production, mass consumption and mass income increase through collective labor bargaining indexed to productivity growth and consumer price inflation. Spatio-temporal fix for economy, state and society are made at the national scale for a, albeit temporal, solution to the contradiction of capital (Jessop 1993; 1994; Amin 1994).

This mode of regulation at the national scale started to face crisis conditions in the 1970s as the globalization of economy was emerging as a recognizable phenomenon. As earlier discussion indicates, globalization was the consequence as well as the cause of the

decline of the Keynesian Fordism. The national scalar fix started to fail because internationalization of economy and technological advancements rendered the national borders ineffective to control production activities (Jessop 1993; 1994; Swyngedouw 1997) – this is the capital moment aspect of globalization causing the decline of Fordism. About the same period, neoliberal ideologies started to prevail to create post-Keynesian Fordism policies. Since, this ideological change has been contributing to the acceleration of globalization – this is the political aspect of globalization discarding the Fordist national state scalar fix. The neoliberal ideology in favor of supra- and sub-national scale regulations is the thrust for the new politics of scale. Brenner (1999, p439) summarizes:

Though the highly centralised, bureaucratized states of the Fordist-Keynesian era converged around the national scale as their predominant organisational locus, since the world economic crises of the early 1970s the older industrial states of North America and western Europe have been restructured substantially to provide capital with ever more of its essential territorial preconditions and collective goods on both sub- and supranational spatial scales (Cerny, 1995). This ongoing re-scaling of territoriality is simultaneously transferring state power upwards to supranational agencies such as the European Union (EU) and devolving it downwards towards the state's regional and local levels, which are better positioned to promote and regulate urban-regional restructuring... Throughout the EU and North America, in particular, this dynamic of state re-scaling has emerged as a major neo-liberal strategy of industrial restructuring and crisis management, aiming at once to enhance the administrative efficiency of state institutions, to enable new forms of capital

mobility on supranational to promote the global competitiveness of major sub-national growth poles and to enforce the de- and revalorisation of capital within declining cities and regions.

“Glocalization” (Swyngedouw 1997), described above, is political because it reconfigures membership, interests and priorities of society through spatial social arrangements. For example, new politics of scale includes “a neoliberal strategy of ‘deregulation’ to dismantle the nationally configured redistributive operations of the Fordist-Keynesian order” and “a strategy of ‘reregulation’ to construct new institutional capacities for promoting capital investment within major urban growth poles, often through locally or regionally organized workfare policies, non-elected quangos and other entrepreneurial initiatives such as public-private partnerships” (Brenner 1999, p440). Neoliberalism and its new politics of scale is “productivist,” in that state implements de- and reterritorialization as accumulation strategy (Brenner 1998; 2000). In this view, state is the culprit for the decentralization under globalization.

Nested Scale and National Government

Are “glocalization” and “hollowing out” really happening? Is the central government really withdrawing from local affairs as new politics of scale explained above indicate? Or, are the world city networks really neutralizing the significance of the political scale of nation states? Some researchers insist on the continued involvement of national government (White 1998; Hill and Kim 2000). According to these theorists, the impact of economic globalization can only filter through the nested structure of

established socio-political institutions, ranging from the national to the local (Hill and Fujita 2003). Among the socio-cultural institutions, the national state is most powerful. Thus, although the global economic system is profoundly impacting cities and local governments, its influence is always mediated through state and national legal-political systems. Therefore, the effects of globalization on government cannot be uniform across all political institutions. It is always modified by geographically specific factors, including political structures, social cultures and historic backgrounds (Abu-Lughod 1999). For example, historically, the Japanese and Korean governments developed Tokyo and Seoul, respectively, into world cities as the engines of national developmental policies (Hill and Kim 2000) and the French government nurtured Paris as its cultural champion (White 1998).

However, can we say the same would continue in the future after further globalization? Could the structure of nested scale itself not be affected by globalization? Indeed, Saito (2003) and Fujita (2003) report that Tokyo, Japan's powerful world city, has gained political independence against the central governments. Does this not mean that the positive globalization effects on Tokyo shored up its political power, changing the nature of the nested scales from-below? Interestingly, a survey of top twenty world cities show that about half (nine cities) experienced increased central government involvement in urban planning while the other half (eleven cities) experienced decentralization from the central government (Tsukamoto and Vogel 2004). This uncertainty in fact emphasizes the important analytical suggestion to the nested scale perspective. That is, the impact of globalization on government structure, such as decentralization and regionalization, must be examined through the unique interrelations

between the nested scales of various political actors. This research adopts this approach to examine whether the structure of the nested scale itself is being modified through the inter-scalar political interactions stimulated by globalization.

Globalization and Regionalism

To systematically examine the relationship between the global and local, it will be helpful if two aspects of globalization described by Jessop (2000) are introduced.

According to this categorization, globalization has the structural moment and the strategic moment. The former is about the increased interconnectedness between various parts of the world as a result of technological advancements in, among others, telecommunication and transportation. This aspect of globalization is “the compression and transgression of time- and space-barriers” (Amin and Thrift 1994).” The strategic moment refers to the intentional aspects of globalization from the policies and activities of institutions and organizations. Supranational organizations such as IMF, the World Bank and WTO, many NGOs and large scale business conglomerates have been promoting globalization to achieve their organizational goals and effectiveness (Jessop 2000). Both aspects of globalization require the local and its integrity to the regional in different but related manners. The resurgence of region under globalization can be argued in relation to these two moments: on the ground of the functionality in relation to the structural aspect of globalization and in terms of policy objectives where globalization is regarded a strategy. In terms of functionality, the global scale and national scale share a zero-sum relationship. The advancement of global networks reduces the significance of national states and increases the importance of subnational locales. Under this process, regions

have reemerged as the central scale of economic and social life (Storper 1997; Barnes and Ledebur 1998; Scott 1998). In the “borderless world,” regions are the scale of economic production (Ohmae 2001) and their industrial clusters are the source of competitiveness (Porter 2001). That is, in the “space of flow” (Castells 1996), there are in fact only particular locations creating wealth. Paradoxically, the more globalized is the economy, the more concentrated the locations of economic activities (Sassen 2001^b). Under this condition, world cities constitute the regions of economic determination (Friedmann and Woff 1982; Friedmann 1986; Ross and Trachte 1990; Sassen 2001^b; Scott et al 2001).

One of the corollaries from the attentions to particular locations is the inquiry into the secrets of successful regions (Amin and Thrift 1994). Research on places, such as Silicon Valley and the Third Italy caught attention and concepts such as “social capital” (Putnam 1993) and “institutional thickness” (Amin and Thrift 1994) became vogue. The importance of territoriality for economic growth through socio-cultural “embeddedness” confirmed the status of particular location under globalization (Amin and Thrift 1994). This, in turn, contributed to the increased interest in regional policies, particularly metropolitan “global city-regions” (Scott et al 2001). This is a new developmental paradigm of regionalism based on the global economy to assert regions in the international division of labor (Keating 2001). P. J. Taylor (1994) predicts that city-states would resurrect as the major political scale after nation-states failing as the “wealth container.” The interests and enthusiasm gathered around region in these developments are often labeled, “New Regionalism” (Lovering 1999; MacLeod 2001). Lovering (1999, p380) summarizes New Regionalism with its two traits: “(1) the historico-empirical claim that ‘the region’ is becoming the ‘crucible’ of economic development; and (2) the

normative bias that ‘the region’ should be the prime focus of economic policy. Not missing the boat, American new regionalism, whose theoretical ground is mainly based on metropolitan governance, has also turned to the importance of regional economic planning under globalization (Pierce 1993; Savitch and Vogel 2000).

New Regionalism, which is predicated on the structural/functional globalization, assumes the end of Fordism; i.e. the decline of nation state as the commanding scale of economic management and social policies. In contrast, others argue that regionalism is, in fact, a part of strategies to *end* the Fordism. The strategic moment of globalization underlies this understanding of regionalism and the new politics of scale described above centers its analytical paradigm. This paradigmatic interpretation amounts to an assertion that globalization was created as a neoliberal project. It is an attempt to solve the crisis of Fordism with the free market disciplines and restructuring of national states into the global-local nexus (Swyngedouw 1992; Peck and Tickell 1994), in which globalization and glocalization become “two deeply intertwined moment of a single process of global restructuring...” (Brenner 1998, p27). MacLeod and Goodwin (1999) agree to the “productivist” intervention by the state posited by Brenner (2000) to explain, “Nation states are not passive recipients of some global logic but are, through the actions of their constituent properties (governments, courts, bureaucracies), *active agents* in the structuration of globalization, ‘glocalization’, post-Fordism and ‘hollowing out’” (MacLeod and Goodwin 1999, p506). In this neoliberal project, regions, particularly global city-regions have become the strategic sites of state reterritorialization (Brenner 1999; 2000) as the targets of “spatial selectivity” (Jones 1997) to implement the state globalization/glocalization strategy (MacLeod and Goodwin 1999; MacLeod 2001). In a

similar vein, Brenner (2002) determines that American new regionalism for metropolitan governance is a place-specific response to the competitive pressures and sociospatial polarization arising from neoliberal state retrenchment. Brenner (2000, p372) explains:

[P]articularly on subnational and supranational scales, state institutions are increasingly seen to operate as instruments for reactivating the productive force of social space rather than as mechanisms for institutionalizing social compromises, for overcoming spatial disparities or for promoting social cohesion.

All these arguments and developments characterize the relationship between globalization and regionalism as a consequence of an intended state neoliberal project. More importantly, they demonstrate the ideological and functional inter-connectedness between globalization, regionalism and decentralization through the new politics of scale for the reterritorialization of national state. At the central level, state implements neoliberal strategy with the mixture of devolution and selective urban development while, at the local level, city-regions are under pressure to compete and implement successful regional policies.

However, the new politics of scale is not the only explanation that connects globalization, decentralization and regionalism. Keating (2001, p375) insists, “[t]he effects of economic change are powerfully mediated by culture, by institutions, and by politics.” He agrees that scale and place are built and rebuilt as systems of social regulation but asserts that the economic determinism of Marxism or neoliberal regulation

cannot explain the complex and multifaceted process involved in regionalism. Savitch and Kantor (2002, p326) define regionalism as:

[T]he ability of multiple localities within an identifiable geographical setting to work collectively towards common ends... a range of institutional forms that can engage in interlocal cooperation on a metropolitan or regional scale.

Once defined in this way, regionalism requires political leadership to adjust various aspects of region, ranging from topography, economic functionalism, culture, politics, and intergovernmental administration to create a political space (Keating 1998; 2001). At least some regulation theorists agree. For example, Goodwin and Painter (1997) accept that regulation only partially explain changes in the local state and local governance, pointing to the influences of local histories and institutional characteristics. In fact, Keating (2001) argues that globalization would make political leadership more crucial to reframe local governing body because it adds to already conflictual process of region-building further complexities, including environmentalism, gender issues, and neighborhood movements as well as new types of criminality and social pathology. Goodwin and Painter (1997, p28) concede to recommend, to analyze state restructuring process, “a critical political sociology of the local state and urban governance based on an investigation of the material and discursive practices in which the local state and urban governance are grounded.” Discursive process is an important element of regionalism even under the structural force of economic globalization.

City-region as Local State

The above argument sets out a new path for the investigation of the relationship between globalization, decentralization and regionalism for a local perspective. That is, regional rescaling from below. But can urban politics really do locally-based restructuring given the fact that they are the medium through which national regulatory practices are delivered (Goodwin, Duncan and Halford 1993) and dependent on the central government (Kantor 1988)? Keil (2003) asserts that globalization makes local states, indicating the possibility of from-below rescaling for local political determination in relation to globalization.

Keil (2003) argues that the local political impetus is not based on the weakening of nation states under the structural globalization or “glocalization” from the strategic globalization. Rather, globalization introduces new political conflicts in urban regions. This tension is the political impetus for local state making in the global city-region. He (2003, p286) explains:

Due to its growing diversity and dynamics, urban society is becoming the most significant integrative mechanism of the global age. The challenges of globalized urban society call for new mechanisms of regulation and new forms of governance; these in turn produce new kinds of local states...the conflictual self-regulating needs of local civil society help to produce a wide range of municipal state structures.

According to Keil, global city-regions have potential for political self-determination precisely because globalization introduces to urban areas messy multiple-scalar interests,

which Keating (2001) describes above. Under this condition, city-regions have to respond through locally contingent political processes to “distinctive arenas of social struggle and policy formation: growth and development; immigration and citizenship rights; identity and anti-racist politics; neighborhood versus “world class” culture; use and exchange value; new forms of class struggle; collective consumption; and sustainability” (Keil 2003, p287). These struggles take place as the “globalization of urban region, and the fragmentation of urban civil society and political sphere” (Ibid.). Keil (Ibid.) further argues that “[t]he emergence of new global-local arrangements in the world city should be seen as a dynamic process of mutual definition of social forces and as the product of material power relations.” In other words, local political actions have performed the “jumping of (national) scale” to deal with the multi-scalar urban problems of globalization. Keil (Ibid.) states, “[u]rban politics in the world city is the forum in and through which the nexus among various scales of globalization is being produced.” With various scalar interests and identities converging at global city-regions, urban politics “creates *urban* regulation and a new kind of urbanity” to transform global city-regions into local states (Keil 2003, p286-287: italics in the original text). Sellers (2002) similarly observes the increased demand for localized governance because local scale has become the foci of various scalar policies and interests. Keil (2003) recommends a careful combination of regime theory approach, regulation theory approach and discourse analysis approach to build a theoretical basis for the local state development. Regime theory lends the perspective of political economy, regulation theory explains the scale/space structuring process, and discourse analysis accounts for material processes. I

will examine each of these approaches to evaluate their theoretical appropriateness to explain the political restructuring from-below.

Regulation

Continued development of capitalism confounded orthodox Marxists because crises resulting from the contradictions and tensions of capitalism should not allow such continuity. Yet, capital accumulation carried on. Regulation theory emerged out of this perplexity to account for how capitalism maintains its development despite internal problems (Peck and Tickell 1994). Regulation theory's answer to this question is the mode of regulation. According to Peck and Tickell (1994, p16):

The theory holds that capitalist development proceeds through a succession of historically specific phases of stability and crisis, sustained growth and intense restructuring. Emphasis is placed on the role of state forms, social mores, laws, and habits – the so-called *mode of social regulation* (MSR) – in underwriting sustained phases of growth. These phases, in which the schema of reproduction (the complex of production, consumption, and distribution systems) is broadly in synchronization, are termed *regimes of accumulation*.

Through the examination of the mode of regulation, regulation theory pays attention to “the intrinsically sociopolitical character of restructuring processes,” “the role of social institutions in underpinning modes of economic development” and “the historically and geographically specific nature of capitalist (re)production” (Peck and Tickell 1994, p16). With growing conceptual spectrum, regulation theory is becoming “a very broadly based

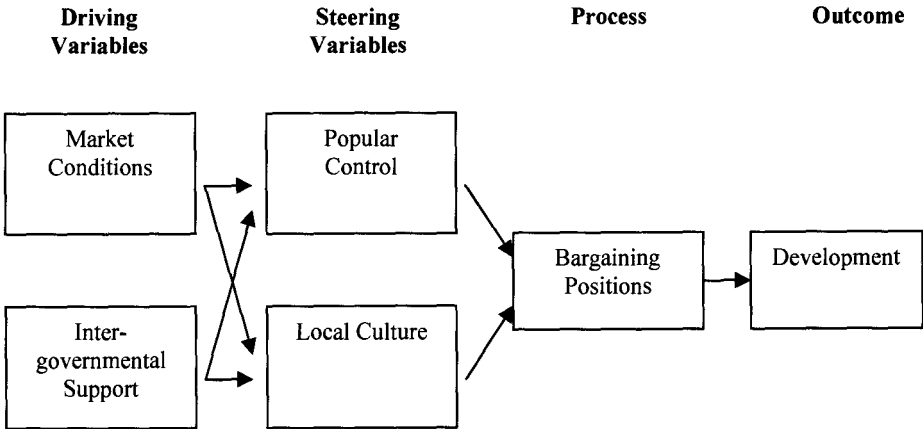
movement towards a more institutionally grounded political economy” (Peck and Tickell 1994, p16; Painter 1997). One of the consequences of the broadening scope would be the attention to subnational scale regulation. Regulation theory tends to use national state as the unit of analysis (Peck and Tickell 1994; Painter 1997; Cox 2002^a) although theoretical grounds exist for regulation theory to connect the national and subnational to include subnational regions as subjects of examination (Goodwin, Duncan and Halford 1993; Peck and Tickell 1994). Thus, regulation theory is limited to analyze local state building. On the one hand, “[s]tructuring of space is one of the key dimensions of regulation. Urban regions (rather than nations) are the pivotal points of post-Fordist restructuring” (Keil 2003, p289). On the other, regulation at urban regions, including space structuring, is determined by the national mode of regulation as its element, with urban scale being a medium of the national regulation (Goodwin, Duncan and Halford 1993; Peck and Tickell 1994). Thus, local restructuring, according to this, is a part of top-down regulation – this is contrary to the from-below process of local state making Keil (1998) claims to occur. Indeed, Painter (1997) determines that regulation theory cannot explain local state making. In practice, this means regulation theory still tends to privilege national scale as its analytical objective. Urban restructuring is a part of its observations to explain changes in the national mode of regulation (cf. MacLeod and Goodwin 1999; Brenner 1999). Regulation theory would let researchers realize non-economic factors, including culture and discourse, are at work in the continued capital growth under globalization but, with bias towards national government for analysis, it can confound rather than explain the cause of rescaling from below (Cox 2002^a).

Urban Political Economy

Local political is essential to investigate the process “globalization makes local state” because this claim is based on the proposition that globalization and local actors interact to change central-local governmental relations. As described above, while regulation theory is limited to examine this change, the analysis of urban political economy has a better chance to do the task because it directly inquires the behaviors of political actors at the local level. For example, “Who runs regional city?” (Hunter 1953) and “who governs?” (Dahl 1966) make such investigation as the classics in this field. Since these early studies of local politics, there was a prolonged debate about the nature of community power until Stone (1989) made a breakthrough with his regime theory (Vogel 1992; Stoker 1995). Stone defined regime as “informal arrangements that surround and complement the formal workings of governmental authority” (Stone 1989, p3) and is “a relatively stable group with access to institutional resources that enable it to have a sustained role in making governing decisions” (Stone 1989, p4). With regime theory, it is explained that community power is systemic in that its power source is the access to the economic and political structures. Therefore, it is “power to,” rather than “power over,” and it is socially produced by the coordination of those who have the economic or political resources (Stone 1989). Although regime theory has offered great insights to explain American urban politics, it is not free from its criticisms. For example, it is ethnocentrism based on American urban conditions and it fails to include the conditional factors of social, economic and governments external to urban politics in the analysis (Stoker 1995). However, probably the criticism that is most relevant to the study of local state making is about the scale issue. Regime theory practically confines the

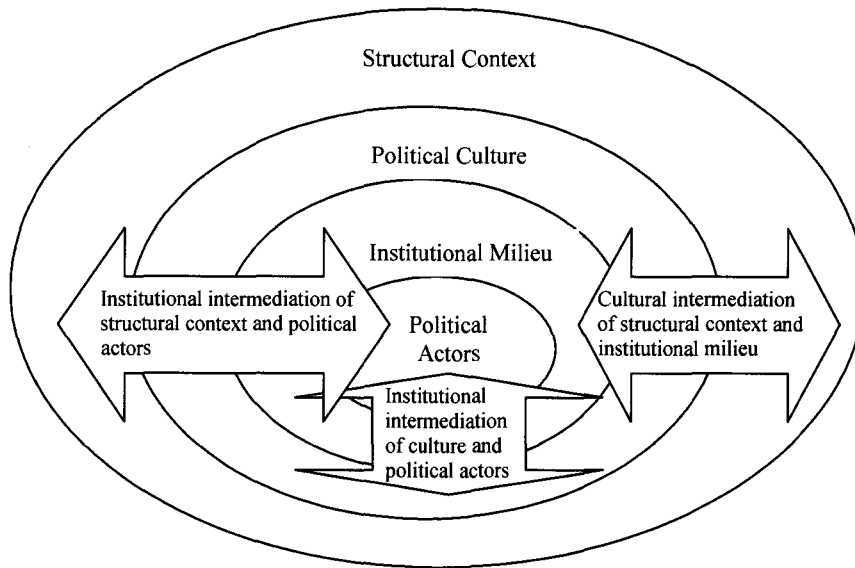
political scale for its analysis to the jurisdiction of a particular local government (Lauria 1996; Cox 1997). Later models of urban political economy successfully overcome the American centrism and negligence of external forces. Yet, these improved models still limit the scope of urban political economy to municipalities. The later urban political economy models based on regime theory include interactions between various scales from global to local. Yet, they treat these scales as fixed and the direction of influences largely flowing top-down, from larger scale to smaller. To plain, I will show two recent, sophisticated models produced by Savitch and Kantor (2002) and DiGaetano and Strom (2003), which are reproduced in Figure 2-1 and Figure 2-2, respectively:

Figure 2-1



Source: Savitch and Kantor (2002, p48)
 *This is a simplified version of the original

Figure 2-2



Reproduced from DiGaetano and Strom (2003, p373)

Both models include inter-scalar interactions to account for their influences to the urban scale: the model by Savitch and Kantor includes the effects of global market competition and the intergovernmental relations to evaluate the “bargaining positions” of cities, which, in turn, determine urban policy decisions. The model by DiGaetano and Strom use the “structural context,” which is the combined influences of globalization and intergovernmental arrangements to “institutional milieu” and “political actors,” whose coalition composition determines policy choices. Although the two models take different approaches, their objectives are similar: to explain how urban governance decisions are made, following the tradition of Hunter, Dahl and Stone. With this objective, it is a methodological necessity for the two models that the scale of the political community they investigate be fixed at a certain level. In fact, both models suggest regionalism

implemented by city leaders as local policy options but little theoretical explanation is given to the regionalism process itself. Generally, both models regard the flow of inter-scalar influences moving from larger scale to smaller; from global to national to local in a nested scale system, placing urban communities at the bottom with larger scale forces constraining urban policymaking options. Bargaining by local governments described in the model of Savitch and Kantor is a form of from-below activity but it is portrayed as a source of policy leeway for cities, rather than political empowerment for local rescaling. The authors explain its methodological focus on the existing scale as follows:

Within its distinct territorial boundaries and by legal authority the city is the bargaining unit for capital investment. As one collective actor among others it may be engaged with national or regional authorities in orchestrating development, but it alone possesses a systematic interest in promoting the wellbeing of its citizenry” (Kantor and Savitch 2005, p143).

This fixed local scale approach to urban politics is obviously not favorable to the study of changing local scale from below. Their top-down approach for modeling and the bottom-up approach this study will be taking to explore local rescaling processes simply have different research objectives and paradigms.

Globalization offers local governments the *new local opportunity structures*, consisting of decentralized central-local government relations and increased local economic development potentials (Goetz and Clarke, 1993). The new localism has emerged with the premise that local governments engage in economic development with global perspectives and transcend conventional nested political systems (Clarke and Gaile

1998). This development is tantamount to from-below political restructuring. To prove, what is required is a theory of urban politics that addresses the upward mobility of local governments. Another theoretical support for governing from below is presented by Sellers (2002). Examining local/regional political initiatives and central-local government relations, he finds local leaders increasingly play more significant roles in the implementations of centrally devised policies. He observes local efforts account for growth of globally-oriented industries in some cities despite the mobility of global capital. From these, Sellers (2002) asserts that local governments have substantially contributed to the condition of de-centered state (as opposed to nested national-centered state) in the central-local government relations (also refer to Figure 3-1 in Chapter III). This indicates local actors have played important roles to change the nested structure of national system from below towards more dispersed and decentralized state forms. Sellers (2005, p433) suggests:

The nation-state, beneath its ordered, rationalized appearance from above, emerges as archipelago of local and regional logics that are ordered from below. In each urban setting, these logics depend on relations and coalition building within civil society. In the most extreme form, local actors become the principals, and hierarchical superiors within the state become the potential agents.

Cox and Mair (1991) introduce a concept, the *scale division of labor*, which can account for the local level political rescaling actions. It refers to “the division of activities between different levels of the hierarchy of spatial scales, the territories composing it therefore being nested” (Cox and Mair 1991, p200). This concept is an extension from

Doreen Massey's *spatial division of labour* (1994) to add to its uneven special development the fact that uneven spatial interests are represented by different scales. There are four important points in scale division of labor: firstly, different groups function at different scales to create different scalar economic interests; secondly, scale sizes in which spatial interests are formed change over time and space; thirdly, economic interest groups support the government sectors that represent the scales on which the groups' interests are most strongly reflected; and, lastly, different scalar interest groups compete for scalar fix, resulting to create winners and losers (Cox 2002^a). Thus, the political contests center on the "question of what powers and responsibilities should reside at different levels of the state's scale division of labor" and what forces "drive, transform, the state's territorial organizations" (Cox 2002^b, p254-255). For example, some industrial sectors form clusters to operate in regional scales, such as Silicon Valley. In those areas, economic interest groups would support regional planning because that will more efficiently deliver the kind of public services and facilities they need for growth, such as housing for employees, airports, new freeways and more industrial sites. However, the industry's support for regional planning can conflict with narrower local interests protected by municipalities. There will be political competition as to which interests should take the political power and which scale should prevail (Cox 2002^b). Similarly, dispute over trade restrictions, such as the protection of the US steel industry, have the content of scale division of labor. Interest groups from the Midwest would expect the federal government to step in while other export-oriented industries across the nation might support WTO to liberalize international trade. Cox (2002^a) asserts his theory better fits the reality of political rescaling under globalization than the new politics

of scale based on regulation theory described in the above section. According to Cox (2002^a), firstly, political rescaling is taking place at more diverse scales and locations than the “glocalization” thesis indicates, secondly, such rescaling activities are instigated by local actors from below than centrally contrived as the new politics of scale suggests, and lastly, globalization and political rescaling are not necessarily two sides of the same coin as the advocates of the new politics of scale suggest. Cox (2002^a) points that political rescaling occurred before globalization and also within a single nation-state (the annexations of unincorporated areas by central cities in the 19th century or the at-large electoral reforms during the early 20th century in urban America were examples of contests between groups of different scalar interests).

As the above examples show, scale division of labor explains politics of scale. Economic interests lobby to the public sector to protect and enhance their positions in the scale division of labor. The political actions would intensify when the economic interests were those of location-bound (Cox and Mair 1991), such as real estate concerns and farming. Through the political campaign to connect local geography and economic interest, locality becomes agent (Cox and Mair 1991): that is, “certain identities and interests are defined as local and action is taken on this basis” (Cox and Mair 1991, p204). This is a leap from “locality as localised social structure,” which merely represents “a set of social relations at a particular spatial scale” (Cox and Mair 1991, p197). Under this condition, locality is heavily dependent on external forces, such as macro economic conditions and higher government policies (Cox and Mair 1991), as depicted in the urban governance models of Savitch and Kantor (2002) and DiGaetano and Strom (2003). The scalar interests at certain locale are largely marginalized in a larger scheme of scale

division of labor developed under, for example, the national government regulation. Yet, locality can develop to agent, in which:

[P]eople interpret localised social structures in explicitly territorial terms, come to view their interests and identities as 'local', and then act upon that view by mobilising locally defined organizations to further their interests in a manner that would not be possible where they to act separately...(Cox and Mair 1991, p198)

Once this occurs, locality can assert their own "scalar expressions" (Cox 2002^a) in the scale division of labor. Under the globalization of economy, needs for localities to "defend a quasi-monopoly position" are intensified in the global scale division of labor. Strategic actions taken by localities, in turn, can create changes in the political scale division of labor for new state scalar fixes (Cox 2002^a). The scale division of labor and scale expressions of local agent are important concepts in the rescaling from below.

Discourse

According to Giddens (1984, p164-165), societies are social systems with "a specifiable overall 'clustering of institutions' across time and space," which must have "an association between the social system and a specific locale or territory," "normative elements that involve laying claims to the legitimate occupation of the locale," and "the prevalence, among the members of the society, of feelings that they have some sort of common identity...Such feelings may be manifest in both practical and discursive consciousness." It follows that discourse should play an important part in the process of state formation. Regulation theorists similarly consider discourse an integral part of

cultural regulation to consolidate hegemony in political economy (Goodwin and Painter 1997). Regarding the establishment of political hegemony, Keil (2003, p290) comments, “[I]t is ultimately...impossible to maintain an ontological position in which discourses are separate from or causally removed from material processes” of state making.

According to Rose (2001, p136), who follows Foucault’s conceptualizations, discourse refers to “groups of statements which structure the way a thing is thought, and the way we act on the basis of that thinking.” Discourse “is a particular knowledge about the world which shapes how the world is understood, and how things are done in it” and is a particular language form situated in certain settings where it is created and used with its own rules and conventions. Discourse creates a specialized form of knowledge that defines meanings for the understanding of people in the settings (Rose 2001, P136). “Human subjects are produced through discourse. Our sense of our self is made through the operation of discourse. So too are objects, relations, places, scenes: discourse produces the world as it understands it” (Rose 2001, p137). In this process, discourse develops knowledge system by determining what reality is. The claims to truth, in turn, confer power to the discourse. Thus, “knowledge and power are imbricated one in the other” based on the truth discourse constructs (Rose, p138). Discourse, in this way, is a means as well as a form of power, through which, social order is determined. From this dictum, it follows that discourse creates place. Human agency and their discourse turn space into a place of politics (Keith and Pile 1993) through the forms of culture, identity and imagination (Prazniak and Dirik 2001). Yet, at the same time, the human subjectivity to space is developed through materials and their arrangements. Discourse produces a knowledge system for “placing,” “ordering” and “naming” of spatial objects, which, in

turn, organize space and shape place into a system of meanings (Hetherington 1997). Consequently, human agency and material objects create place interactively, as Hetherington (1997, p184) explains that human subjectivity and experience become “folded into the material world and each becomes imbricated in the agency of the other.” As the following section further describes, discourse is central to the “scalar expressions” of local agent.

Identity, Positioning and Place Making from Below

The discursive agency-material interaction for place making described above has an important bearing on the transition of locality from a localized social structure to agent. According to Hetherington (1997), “placing” subjectifies space for territorial claims, “ordering” differentiates a place from others, and “naming” induces continued shaping of place towards idealized goals that the naming inspires. Through these actions, humans turn a locale into a *process* of relational arrangements made up of agency-material interactions (Hetherington 1997). Thus, place is not only a location but a means to materialize human subjectivity. As such, place is agent, which articulates social relations in certain ways at certain location in the scale division of labor. This explains the process of scalar expressions by local agent that Cox (2002^a) argues.

Identity and culture are important elements in this process, for they create “a symbolic realm in which a territorial level can be endowed with meaning and a set of values to which actors can subscribe” (Keating, Loughlin, and Deschouwer 2003, p35). Political leaders use identity both as “a conditioning factor” and “a political resource” to determine the scale of political territory (Castells 1997). In fact, there are many identities

associated with space and all have different implications for intra- and inter-locational relations (Massey 1994). Consequently, political mobilization around certain identities will fix boundaries and “stabilize the meaning of particular envelopes of space-time” (Massey 1994, p5) over other combinations of identity, space and time. The political construction of identity and place is a source of from-below state restructuring. Brysk (1994, p575) explains that identity includes the semantic framework that ascribe “who we are, what interests to seek, what is political, what is just, and what is possible” to people. When anomalies occur to existing semantic frameworks, people are awakened to the artificialness of the established identity paradigm and motivated to seek new one. Globalization induces this awakening, offering opportunity for local identity remaking (Castells 1997).

Identity is a part of social positioning. In social systems, all actors are positioned along certain time-space paths, forming social relations among individuals. Positioning provides actors with the specifications of identity within a network of social relations (Giddens 1984). In other words, identity is relative and requires referent points through positional perspectives (Keith and Pile 1993). The same can be said to place identity. Spatial positioning provides a referent setting that allows place to construct its identity. Positioning, in turn, requires a new geographical understanding of social world, so that positioning of place identity can be performed easily as drawing geometrical images on a blank canvas than on an old map. From this, it can be understood that the discourse of “placing” entails redefining of social system, in which, “ordering” performs positioning and “naming” constructs new identity. Globalization offers conditions for re-specification of place identities and positioning at local as well as national levels through renewed

discourse of place (Prazniak and Dirlik 2001). It is an opportunity to erase the existing territorial boundaries demarcated on an old map and implement political restructuring from below.

CHAPTER III
RESEARCH METHODS

Overview

This study selects comparative case study as its research methodology. Two Japanese city-regions, Tokyo and Osaka are its observation units. This section describes the rationales for this methodology, the research design and model, the details of data collection, coding procedure and the analysis strategy.

The Nature of Study

Research purpose and objectives should guide the selection of research method. The overall purpose of this study is exploratory for theory development. As stated in Chapter 1, this research looks for a theoretical understanding about the relationship between decentralization and regionalism under globalization. A theory is truly useful only when it is largely applicable but in this particular research the weight of emphasis is placed on searching, not on confirming. In other words, the nature of study is not deductive for nomothetic ends. No hypotheses are set out for test. Nevertheless, there are some propositions better investigated by deductive approach in this study. For example, the speculation that local governments play important roles in the processes of state and local restructuring needs to be verified through empirical analyses. Some models are also introduced to ascertain causal implications although their main use is to facilitate

conceptual understanding rather than testing. The following sections will describe the rationales for the research method and design adopted in this study.

Comparative Study

“Almost any observation, whether one makes it in academic research or real life, implies some form of comparative assessment, such as big-small or tall-short. Without comparison, one cannot tell whether an object is big or small” (Pierre 2005, p454). This is the very basic of why we should compare. This can be useful “to explore a theoretically postulated relationship in which societal features are a key type of independent variable. A comparative research design will allow some of these variables to vary” (Pickvance 2001, p15). But a comparative analysis should *explain* in addition to juxtaposing or exploring (Pickvance 2001). The next use of comparison is to “examine whether a relationship reported in a study in one society also holds in another” (Pickvance 2001, p15). The aim is to test the existence of correlation between variables in question across different cases. A more systematic approach is comparison for control, or “to examine whether a condition which is given or fixed for one society is influential or not” (Pickvance 2001, p15). For example, urban politics, like any social phenomenon, takes place under the influence of various environmental conditions. This fact presents difficulty to identify which factors are genuinely accountable for certain urban developments. The comparative method allows researchers to manage this problem. By comparing a number of cases, the researcher can control the “noises” of a research design and identify the causal factors under study in a manner analogous to a quasi-experiment. In other words, multiple comparisons improves the validity issue of a simple comparative

study findings by isolating from temporal and spatial vagaries the conditions essential to the phenomenon and generalizable to other settings (Orum, Feagin and Sjoberg 1991). A number of advanced urban governance models have been proposed in recent years including those by DiGaetano and Klemanski (1999), Sellers (2002), Savitch and Kantor (2002) and DiGaetano and Strom (2003). The methodologies to examine the validity of these models are the comparisons of variables among a number of selected cities. These comparative studies select case cities to combine similarities and differences to test and control variables and to crystallize the underlying structures of urban decision making patterns. For example, the underlying structure of Sellers' model (2002) is the inter-governmental relations and that of the study of Savitch and Kantor (2002) is the bargaining capability of urban governments. In this way, "comparison more precisely shows how variables work differently in a variety of settings" (Kantor and Savitch 2005, p135) and "observers assesses the defining features and significance of an object under study" (Pierre 2005, p454). In practice, these comparative studies include the above three uses of comparisons identified by Pickvance.

Yet, comparative study can perform one more task: "to examine a small number of empirical cases holistically to grasp the causal processes leading to observed similarities and differences" (Pickvance 2001, p15). The nature of this comparison slightly differs from the above three in that this holistic comparison is more qualitative in nature. Indeed, according to Pickvance (2001), similarities and differences can be examined more qualitatively, including "the occurrence of events or patterns of events" and "the shape of the relations between variables," in addition to more quantitative "values of variables." As an example, Abu-Lughod's (1999) comparisons between New

York, Chicago and Los Angeles is a holistic comparative analysis to test the development patterns of these cities against the global city model proposed by Friedmann and Wolff (1982), Sassen (2001^b) and Knox and Taylor (1995). Although certain variables such as natural geographical settings and sociopolitical conditions are measured individually, this comparative study takes in essence a holistic approach comparing over a hundred years of historic paths of urban developments in these cities. Comparative study can also be heuristic. Pierre (2005, p456) laments that heuristic value of comparative analysis is rarely fully exploited. He (2002, p456) explains:

An important element of comparative research is not just to isolate causal processes but also to present the cases as a set of interrelated economic, political, and social processes embedded in an institutional system.

By describing the cases in a holistic fashion, highlighting the internal logics of each of the cases while at the same time teasing out changes in the variables identified by the analytical framework, the final analysis will both set the stage for meaningful comparison as well as tell a good story.

Kantor and Savitch (2005) testimony that comparative study allows researchers to gain in-depth comparison of agency behaviors and interests to conduct heuristic probing.

A dichotomy can be drawn between the variable/model-oriented nomothetic comparative study (as in the studies of DiGaetano and Klemanski (1999), Sellers (2002), Savitch and Kantor (2002) and DiGaetano and Strom (2003)) and the holistic ideographic comparative inquiries (as in the study of Abu-Lughod (1999)). Yet, in practice, many

researchers have positions along the continuum between the two types (Pickvance 2001). In this way, comparative study is a flexible research method adaptable to both variable-oriented studies and “whole society” inquiries. It can accommodate combinations of deductive analyses and inductive explorations. This flexibility matches the above mentioned hybrid nature of this research study to become its method of choice. With comparative study’s versatility, the research goal of this study – theoretical understanding about the relationship between decentralization, regionalism and globalization – is more likely to be attained by the combination of nuanced interpretation of case situations and identification of underlying causal relations between variables.

One of the issues involved in determining a comparative study design is the number of observation sites for comparison. The larger the number, the more robust the research validity will be. However, a large number of observation sites compromise the depth of research such as contextualized observations of individual cases. So that the researcher loses his/her ability to make detailed examinations of the ways things actually work (Keating 1991, Creswell 1998). Therefore, scope and depth is a matter of trade off between the avoidance of small case idiosyncrasy and prevention of large case spurious examination (Kantor and Savitch 2005). In addition, larger cases would introduce more vagaries from additional cases to comparisons for control problems. At the end, the research goal should dictate the balancing act. This study observes only two locations within a single state to emphasize the holistic approach than the variables/model approach. This obviously limits the generalizability of the findings. However, by limiting to only two locations in a single state, this research design overcomes “noises” from the differences in country-level history, ecology, and culture that are inherent in cross-

national comparisons (Abu-Lughod 1999). As a result, the compact comparative design can take advantage of the best feature of a qualitatively oriented study – research with a texture rich, nuanced in-depth investigation suitable for inductive exploration.

Case Study

Although this study compares two cities, it can be argued that this is a single case study of state restructuring in Japan. Case study offers a holistic research approach (Orum, Feagin and Sjoberg 1991) suitable to deal with the complexity of the research topics and objectives. Orum, Feagin and Sjoberg (1991, p2) define case study as “an in-depth, multifaceted investigation, using qualitative research methods, of a single social phenomenon.” Its multiple sources of information include observation, interviews, audio-visual materials, and documents and reports (Creswell 1998), allowing the observer “to examine social action in its most complete form” and “to examine not only the complex of life in which people are implicated but also the impact on beliefs and decisions of the complex web of social interaction” (Orum, Feagin and Sjoberg 1991, p9). The subject matter of this study includes interactions between global market forces, national government strategies and local government responses. The analysis of these interactions requires multiple levels of information, such as international political and economic influences, national policies, and regional and local government strategies. The sources of information include in-depth personal interviews, government publications, census data, minutes of meetings and newspaper articles. On the other hand, the geographic boundaries in which the subject phenomenon occurs are specific. The combination of clear geographical demarcation of the case (the national state of Japan) and the need to

combine data from multiple sources render itself to a case study method. The above mentioned generalizability problem applies. However, the exploratory nature of this study appreciates case study's conduciveness to heuristics more strongly than its shortcomings.

Theoretical Framework for Comparison

Harry Eckstein (1975, p87) describes theory as fundamentally an attitude towards scientific inquiry, whose only requirement is that the forms of its statements must be "conducive to the goals of the theoretical activity." In addition, Eckstein (1975) require four elements in the goals of theoretical endeavors: "to arrive at statements of regularity about the structure, behavior, and interaction of phenomena," to require "not merely empirical rules, but also that the rules be as reliable and valid as possible," "the correct anticipation, by sound reasoning, of unknowns" or foreknowledge, and lastly parsimony for incisiveness. Therefore, for a set of ideas to become a theory:

[I]t must state a presumed regularity in observations that is susceptible to reliability and validity tests, permits the deduction of some unknowns, and is parsimonious enough to prevent the deduction of so many that virtually any occurrence can be held to bear it out (Eckstein 1975, p90).

The goal of this study is to identify a theoretical proposition to the research questions set out. Exploration is a large part of this undertaking as repeated so far. However, the animus of the inquiry, as Eckstein requires, must be congruent to these four criteria. The

first step to this end would be the review of research questions, which are the reasons for this theoretical inquiry. The questions of this study include:

- How globalization, political decentralization and local regionalism interrelate?
- What political leaders do to implement regional rescaling under globalization?
- Can local communities resist rescaling for economic competitiveness?

The regularity criterion implies that phenomenon in question for research is not a unique incident only related to a single case. The assumption is that the research topic applies to many societies/occasions. As the literature review in Chapter II exhibits the condition of decentralization and regionalism in relation to globalization is a prevalent phenomenon across many parts of the world but there are disagreements about the reason behind.

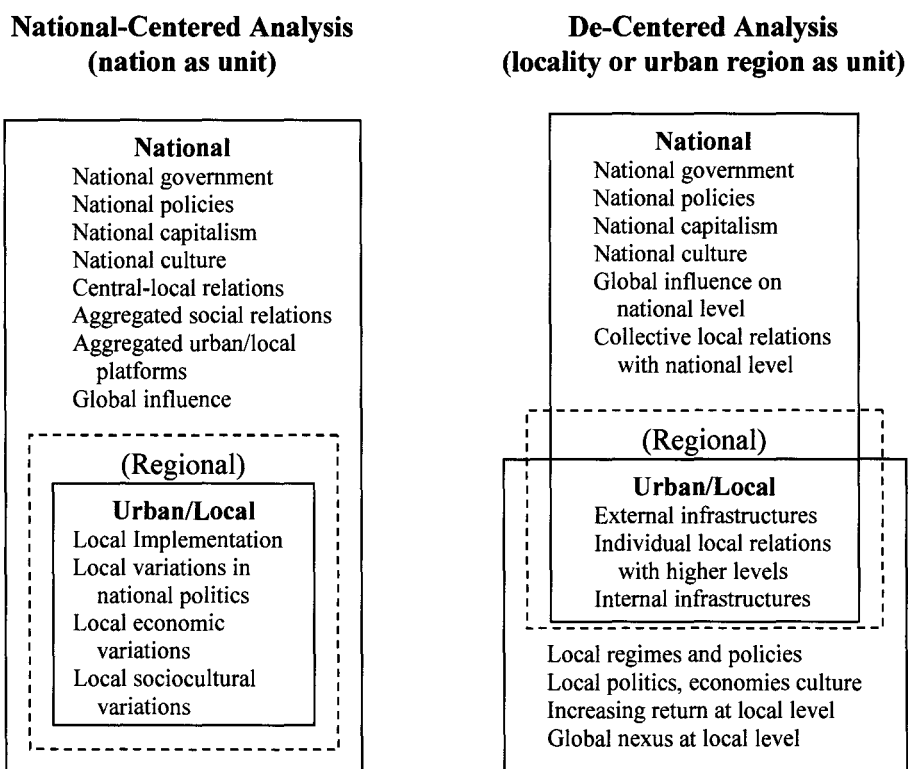
Thus, the research task for regularity is to explain why and how this happens in a way that is applicable to all similar cases with a sense of solving the “puzzle” (Eckstein 1975).

The next step towards a theoretical inquiry is to set up a research framework for empirical investigations. The quality of this framework is the source of reliability/validity test, foreknowledge and parsimony.

The investigative focus of this study is set in the interactions between governments, whose scalar political and economic interests have been transformed by the process of economic globalization. The proposition is that globalization has been provoking strategic actions and counter actions in the national-to-local government and local-to-local government relations to the effect that the premises on political scale and territorial interests have been subject to renegotiations. Political dynamics over scale

arising from these intergovernmental struggles explain the relation between decentralization, regionalism and globalization. This is the hypothetical thesis of this study. To operationalize these propositions, I will construct a conceptual model for a comparative case study but before that I will refer to the following comparison of two comparative politics approaches created by Sellers (2005, p432).

Figure 3-1

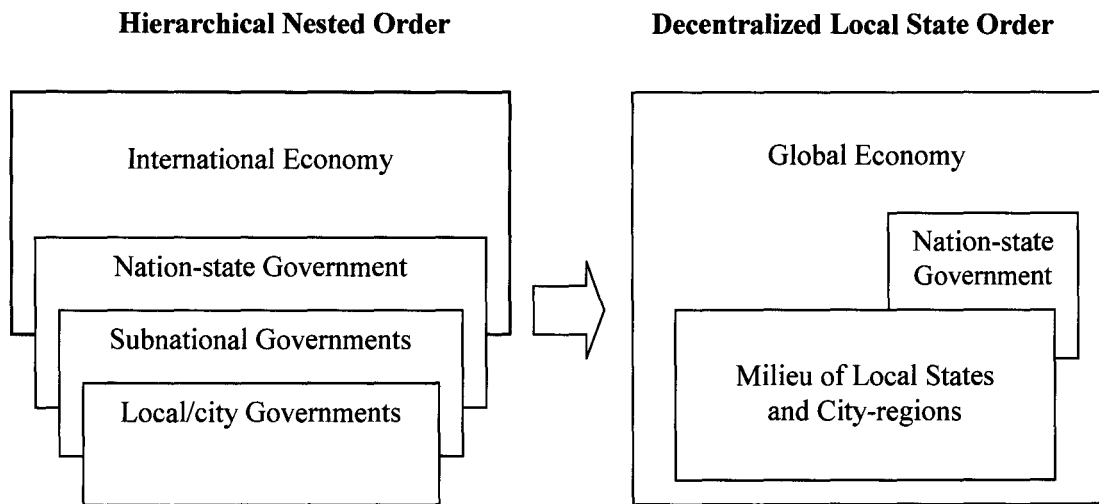


De-Centered Comparison Versus Nation-Centered Comparison (reproduced from Sellers (2005, p432))

National-Centered Analysis on the left is the traditional research approach towards urban development, in which national, regional and urban/local level polities are treated

hierarchically nested and the intergovernmental influences flowing top-down. Sellers (2005) criticizes this perspective for its assumptions: “because national governments, policies, institutions, and interests operate as hierarchies, local governance and politics are derivative of what happens at higher levels” and “when local elements of governance and politics are significant, their importance must be measured in terms of the aggregate national (or macro-level) consequences rather than the effects on specific places or regions” (Sellers 2005, p431). Consequently, this approach fails to capture the changing mode towards governing from below. What is recommended is *De-Centered Analysis* on the right in Figure 3-1. This approach “highlight(s) both what combination of influences causes local results and how local participation and local agency contribute to those results” (Sellers, p435). Importantly, by paying attention to local identity and political initiatives, it “emphasizes bottom-up logics that are particular to a given place” (Sellers p433). As a result, this perspective allows researchers to examine the political actions at the urban/local level where most dynamic influences are being generated in the intergovernmental relations and under the globalization of economy for political changes. Since the topic of intergovernmental relations is also central to this study, I will consult with the insight for *De-Centered Analysis* approach in my conceptual model. On the other hand, this research takes more holistic approach than the variable-oriented approach of Sellers’ model. Also the main subjects of this research are government structure and scale while Sellers’ are the urban governance and the intergovernmental relations. From this, Figure 3-2 is the conceptual model for this study, indicating what matters are going to be examined.

Figure 3-2



On the left, *Hierarchical Nested Order* represents the traditional government system in the intergovernmental relations before the globalization era. Nation-state government manages the economic system for the entire country towards overall economic growth and even national development through a hierarchically managed government system. Local governments operate within the nest and are engaged in the international economy indirectly. In this system, strong vertical flows of policies exist. On the right is *Decentralized Local State Order*, representing an ideal case of advanced government restructuring under globalization. In this stage, national state government retreats from redistributive economic management, giving decentralized responsibilities to subnational governments. As a result, subnational governments are more directly exposed to the vagaries of global economy. At the same time, national state government is likely to implement selective urban development policies, creating further uneven development

across the nation. Meanwhile, the arena of subnational/local governments is in a condition of transitional milieu. Local leaders initiate political reorganizations and realignments. This restructuring includes resolutions of subnational government bodies and regional realignments towards local-state under increased inter-local rivalries. Provided with this model, the main inquiry of this study is to learn how the order of intergovernmental relations shifts from the nested hierarchy model to the decentralized local state model. It asks in what processes the scalar understanding of national territories change from a nested hierarchical system to dispersed “archipelago” of local/regional governments. The observation points of this study include politics at central and local levels, their strategic actions, and the discourse developed for the reformulation of place identity and scale. A detailed plan for variable observations in this holistic-oriented comparative study is discussed in Coding and Data Analysis Strategy section below.

Studying Japanese World Cities

The above model can specify the outline of the case cities that are suitable for this comparative study. These cases will be selected for the model to be fleshed out with empirical accounts and examined heuristically for validity. First of all, the host nation-state of the case cities must have gone through government restructuring towards decentralization for obvious reasons. Decentralization is one of the main conditions of this study. It follows that the second and third requirements of the cases are regional developments and the influence of the global economy. For the same reason to government decentralization, the case cities must have some sort of concerted regionalism efforts and plans. Also, the cities should have exposures to the global

economy, ideally with relatively high statuses in the hierarchy of world cities. Fourthly, the two cities should be reasonably comparable in terms of industrial structure and population size although they may be following diverging paths in terms of economic growth patterns. Finally, these two cities must be relevant one against another. This means that the two cities are not oblivious to the other's economic/political conditions and policy decisions made with some influence of the other's actions. This is a factor that many comparative studies would wish to avoid because interactions between the cases distort the quasi-experimental design to control variables (although researchers usually do pay much attention to this). Nevertheless, for this study, interaction between cases is an important condition for this study. This is one of the factors contributing to the holistic leaning of this comparative study and having a single case study characteristic for nuanced analysis.

The Japanese world cities, Tokyo and Osaka match these requirements. Japan has been experiencing a dramatic government restructuring for decentralization since the 1980s. Traditionally, Japan has been a strong case of centrally managed developmental unitary state. Yet, as Chapter IV will describe the detail, diverse developments arising from globalization forced this national state to go through arduous procedures for government restructuring for decentralization. Because of the large contrast between the Japanese political system before and after the restructuring, the study of Japanese cities offers a rare opportunity to evaluate the impact and process of globalization on government restructuring. Tokyo and Osaka are world cities. Friedmann's hierarchy of world cities (1986) and Sassen's global cities (2001^b) include Tokyo among one the top-tier group. Osaka was not included in the original; Friedmann (1995) adds it to the world

city hierarchy later. Beaverstock, Smith, and Taylor (1999) identify Tokyo among the Alfa world cities and Osaka, Gamma world cities. Although Tokyo dwarfs Osaka in population and economic capacity, both areas share similar economic profiles with clusters of business headquarters, financial centers and modern international airports. Importantly, local leadership for regionalism exists in both areas. Finally, as the two largest economies in a relatively compact country, the two city-regions cannot avoid influencing each other economically and politically, particularly Osaka feeling the impact of larger Tokyo as globalization intensifies (Hill and Fujita 1995; Kamo 2000).

Government restructuring towards decentralization under globalization is widespread across many countries (Jessop 2000; Rodriguez-Pose and Gill 2003) while attention to regional development is gathering pace (Taylor 1994; Storper 1997; Scott 1998; Keating 2001; MacLeod 2001). Given this, as a study of a representative case, investigation of Japanese two world cities should be able to present explanations consistently applicable to the conditions of other places. The above presented conceptual model is simple to indicate that the interactions of politics of scale between national and local polities have the key to explain the shift from the traditional nested system to the milieu of uneven and dispersed local states/city-regions. This is the underlying current to tie together decentralization and regionalism under globalization. With this research design and propositions, analyses will be conducted with attention to validity and prediction power to raise the findings to a theoretical quality.

Data Collection

Source of Data

A number of regional planning, policy concepts and collaborations have been under way in Osaka and Tokyo. For example, the Tokyo Metropolitan Government (TMG) published a regional urban development plan in 2001 and in the Kansai region – a large region comprising of Osaka city, Osaka Prefecture and their neighboring cities and prefectures – a group of local governments and private leaders formed a quasi-public corporation in 1999. Some are more formal than others. Similarly, some are in progress one way or another and others barely passed the conceptualization stage. The following table lists the regionalism plans/actions put forward for consideration in Osaka area and Tokyo area, with parties sponsoring the plans/actions. I targeted these schemes as the source of data to grasp the underlying motives, political intentions and leadership conditions of regionalism in these areas. The public sector and private sector involved in these plans/actions have a good coverage of political elites active in local affairs in these regions.

Table 3-1

Tokyo Area
<ul style="list-style-type: none"> ▪ Tokyo Megalopolis Plan (a regional urban development plan) by TMG ▪ Roundtable meeting by mayors and governors ▪ A three-tier federal regionalism by Kanagawa Prefecture

Osaka Area
<ul style="list-style-type: none"> ▪ A two-tier federal regionalism plan by Osaka City ▪ Osaka Prefecture-City merger plan by Osaka Prefecture ▪ Kansai Council (a quasi-governmental corporation) by city and prefecture governments and business leaders ▪ Kansai-shu Model (a three-tier federal local state) by Kansai Economic Federation ▪ Osaka Prefecture-City merger by Kansai Business Executives Association ▪ Roundtable meeting by three governors of three prefectures

Personal in-depth interviews were conducted with officials belonging to the city/prefecture governments, quasi-governmental organizations and the private sector groups involved in the regional plans/actions listed in Table 2-1. The interviewees were typically senior managers in charge of policy making and analysis, or with similar responsibilities. The names of organizations that took part in this study are provided in Table 2-2. Twenty-six complete interviews were made (multiple interviews were conducted with some organizations). Data from official publications, documents, minutes of meetings and newspaper articles regarding these regionalism movements were also used for analysis. In addition to these data gathered from local data sources, interviews were conducted with the bureaucrats in the Ministry of Internal Affairs and Communications, the national bureaucracy in charge of local government reforms, and with a representative from the National Governors' Association, which had been making

effective campaigns for Japan's decentralization reforms. Information from these sources comprises the main data to this study. Apart from this, several researchers both in Osaka and Tokyo, who were familiar with government restructuring issues, and Japanese academic books and journal papers provided this study with valuable background information and insights about political changes in Japan. The total interviews, including sessions with Japanese researchers, counted thirty-six.

Table 3-2

Tokyo Area
<ul style="list-style-type: none">▪ Tokyo Metropolitan Government▪ Kanagawa Prefecture▪ Yokohama City▪ Kawasaki City▪ Chiba Prefecture▪ Chiba City▪ Saitama Prefecture▪ Saitama City▪ Japan/Tokyo Chamber of Commerce

Osaka Area
<ul style="list-style-type: none">▪ Osaka Prefecture▪ Osaka City▪ Hyogo Prefecture▪ Kobe City▪ Kyoto Prefecture▪ Kyoto City▪ Wakayama Prefecture▪ Shiga Prefecture▪ Kansai Council▪ Kansai Economic Federation▪ Kansai Association of Corporate Executives

Others
<ul style="list-style-type: none">▪ The Ministry of Internal Affairs and Communications▪ National Governors' Association

Interviews

The personal in-depth interviews were conducted in a semi-structured format. Occasionally, a list of questions had been sent to interviewees before the interview date upon request. The interviews ranged between sixty to ninety minutes. The interviews developed from base questions listed in Table 3-3.

Table 3-3

Base Questions for Interview
<ul style="list-style-type: none">▪ What are your community's issues and problems considered appropriate being solved by regional approaches?▪ Are there any regional plans, approaches or solutions implemented in this area? If yes, what are they?▪ What are the most difficult issues in implementing regional plans and policies in this area?▪ Are regionalism and decentralization related matters in any way? If yes, how?▪ Who or what groups take the leadership roles for the regional planning and/or approaches in this area?▪ Do you find any effects from the globalization of economy taking place in your community? What are they?▪ Do you find any relations between the effects of economic globalization and the regionalism movements taking place in this area?▪ Do you find any relations between the effects of economic globalization and decentralization?

Coding and Data Analysis Strategy

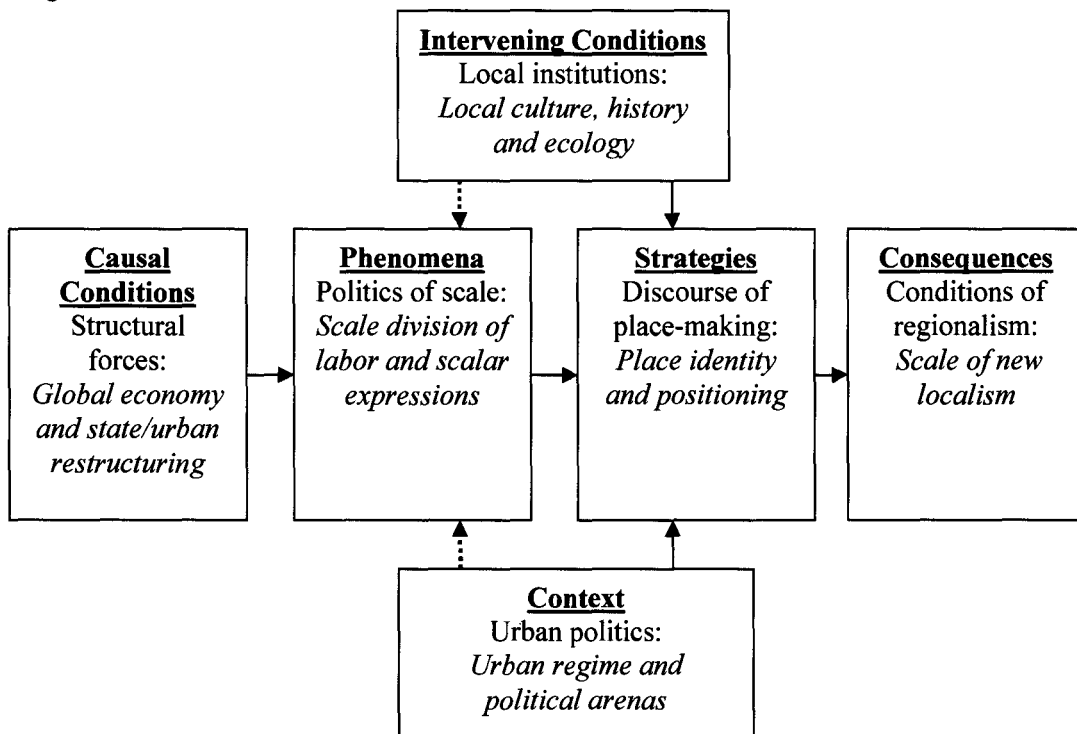
The raw data collected through the above process must be filtered, categorized and woven to theoretically explain an apparent correlation between decentralization, regionalism and globalization. To this end, this study taps into the “grounded theory

analysis.” Grounded theory is a type of qualitative research approach to generate or discover theory (Creswell 1997). The “nitty-gritty” of this method exists in its data coding scheme and data re-articulation facility. It allows researchers to deconstruct data and reconstruct them into “an abstract analytical schema of a phenomenon” (Creswell 1997, p56). Grounded theory utilizes two stages of data coding. The first state is called “open coding,” involving segmentation of raw data into categories of information (Cresswell 1997). Once categorization of raw data was identified, properties/subcategories within each category and their degrees of variation, or dimensionality, must be developed (Cresswell 1997). The second stage of the coding process is called “axial coding,” where the researcher reorganizes the open-coded data into the analytical schema of the phenomenon in question. Through this process, the researcher discerns the imbedded generalizable mechanism of causality in the open coded data and their properties. This theory building part of the grounded theory approach can be assisted by the use of “coding diagram (or logic diagram)” (refer to Figure 3-3), in which:

the researcher identifies a **central phenomenon** (i.e., a central category about the phenomenon), explores **causal conditions** (i.e., categories of conditions that influence the phenomenon), specifies **strategies** (i.e., the actions and interactions that result from the central phenomenon), identifies the **context** and **intervening conditions** (i.e., the narrow and broad conditions that influence the strategies) and delineates the **consequences** (i.e., the outcomes of the strategies) for this phenomenon (Cresswell 1997, p57) (bold type in the original).

After this axial coding process, the “selective coding” articulates the categories of information fit into the coding diagram to produce a narrative account, or the “story,” of subject phenomenon (Cresswell 1997).

Figure 3-3:
Logic Diagram for
Regionalism



Modeled after a diagram in Cresswell (1997, p305):
Dotted arrows are additions to the original

To implement open coding, I refer to the literature to determine coding categories appropriate to this study. This may be a variation from the open coding introduced by Cresswell (1997). Although referring to the literature might not make the coding as

“open” as otherwise, it helps to relate to the established knowledge of the relevant fields. In other words, at least as the foundation, this research lets the literature take the lead in deciding what kinds of information it looks for for coding and analysis. This should improve the generalizability of the analysis findings and supplement the limited sample size of this research design and higher generalizability itself contributes to the improved theoreticalness of findings (Eckstein 1975). The open coding categories selected from the literature include: “structural forces,” “urban politics,” “local institutions,” “politics of scale,” “discourse of scale,” and “conditions of regionalism.” The profiles of properties sought under these categories include, respectively, “global market and state/urban restructuring,” “urban regime and political arenas,” “culture and history,” “scale division of labor and scalar expressions of local agent,” “place making and positioning,” and “scale of new localism.” The combinations of open coding categories and their properties will be fit into the logic diagram through axial coding process. The logic diagram depicted in figure 3-3 illustrates this coding scheme. The analyses of politics of scale for Tokyo (Chapter V) and Osaka (Chapter VI) follow this logic diagram format. To prepare for the coding, the taped interviews were translated from Japanese to English and transcribed.

Explanations on the literature sources from which open coding categories are drawn are in order. The following table 3-4 summarizes this information along with open coding properties profile and its descriptions.

Table 3-4

Coding categories	Property profile	Description	Reference
Structural forces	Global economy and state/urban restructuring	Market forces, intergovernmental structure and local economic conditions drive/constrain local development policy and scalar interest	Savitch and Kantor (2002) DiGaetano and Strom (2003)
Urban politics	Urban regime and political arena	Membership of local elite coalitions and the setting of their decision-makings characterize scale and nature of discourse	Ferman (1996) DiGaetano and Strom (2003)
Local institutions	Local culture, history and ecology	Local culture, history and ecological relationship of the region influence the nature of regionalism, identity and power	Keating, Loughlin and Deschouwer (2003) Abu-Lughod (1999)
Politics of scale	Scale division of labor and scalar expressions	Competing scales of economic interests, public interests and political representations cause conflict over political scale determination	Cox (2002 ^a) Smith (1993) Cox and Mair (1991)
Discourse of place-making	Place identity and positioning	Rhetorical representations of local political identity and positioning maneuver its scale, economic interest and political goals	Rose (2001) Hetherington (1997)
Conditions of regionalism	Scale of new localism	How politics of scale resulted in the vertical and horizontal intergovernmental relations and local political goals	Goetz and Clarke (1993) Clarke and Gaile (1998)

The category “structural forces” is derived from the urban development models developed by Savitch and Kantor (2002) and DiGaetano and Strom (2003). Their models’ “driving variables” (Savitch and Kantor 2002) and “the structural context” (DiGaetano and Strom 2003) include global market forces, their urban economic restructuring effects, and changing nature of intergovernmental relations to describe the conditioning effects of these structural forces on urban political choices. The coding category “structural forces” therefore includes information relating to the global economy, state government restructuring and urban economic conditions from raw data. The category “urban politics” similarly refer to the urban development models of Ferman (1996) and DiGaetano and Strom (2003). These models consider the membership of urban political coalitions and the setting, or “arena,” in which these coalitions exert leadership influences interact to determine the contents of urban decisions. Given this, data on the conditions of urban regime and political arenas are evaluated under “urban politics” for analysis. The next coding category “local institution” gathers information on local culture, history and ecological relationship between the communities of region because Keating, Loughlin and Deschouwer (2003) and Abu-Lughod (1999) demonstrate that local culture and history have strong bearing on regionalism, political agenda and urban developments. This is followed by the category “politics of scale” adopted from Cox (2002^a), Smith (1993) and Cox and Mair (1991). These researchers point to the cooperation/contest paradox and conflict of interest existing in the nature of scale to describe the new political mobilization under globalization. Information about dynamics in scalar division of labor and new scale claims by local leaders are captured under this coding category. “Discourse of place-making” is a category about political rhetoric in the

formation of epistemological power for place-making posited by Rose (2001) and Hetherington (1997). Data regarding the discourse of place identity and positioning for political maneuvering on scale, economic interest and political goals are recorded under this category. Finally, the category “conditions of regionalism” gather information about the new local scale, if any, produced as a result of local politics of scale initiatives. This includes changes in central-local relations and regional political affiliations, following the new localism concept posited by Goetz and Clarke (1993) and Clarke and Gaile (1998)

Once data coding for these categories and properties are completed, the coded variables are analyzed for axial coding. They will be assigned to the logic diagram components: central phenomenon, causal conditions, strategies, context, intervening conditions and consequences as illustrated in Figure 3-3 to complete the axial coding process. A coding diagram will be constructed for each of Tokyo and Osaka areas. These diagrams will be compared to find indications to the research questions of this study:

- How globalization, political decentralization and local regionalism interrelate?
- What political leaders do to implement regional rescaling under globalization?
- Can local communities resist rescaling for economic competitiveness?

CHAPTER IV

JAPANESE POLITICAL SYSTEM AND ITS CITIES

Overview

Japan has been experiencing important yet difficult political changes since the early 1990s. It is this conditions under which local government restructuring is taking place in Tokyo and Osaka. Therefore, it is critical that the analyses of political rescaling in these city-regions reflect the national political changes. This chapter first describes the Japanese political system and its central-local relationship. Then, it describes the political reform efforts implemented since the 1980s to reach the current point. As Japan's political structure changes, the functions of its largest metropolises, Tokyo and Osaka have evolved over the years. The last section of this chapter compares Tokyo and Osaka for their urban developments.

Political System and Culture

The state has led the economy in Japan, not vice versa. The core contradiction driving Japan's political economy is rooted in international relations not class relations, as the Japanese have sought to preserve state autonomy and national integrity in the face of Western market penetration and geo-political domination. The nation and the enterprise thus subsume (international) class relations in Japan (Hill and Fujita 2000, p686)

National economic growth to catch up with the West has been the historical state mandate in Japan. Muramatsu (1994) explains that the administrative means to fulfill this goal was the use of “maximum resources” – a collective approach to achieve organizational objectives, permitting compromises on legalistic controls and member individualism. This group-oriented attitude and identity towards the state mandate underlie Japanese political culture upon which its political system stands.

The post-second war Japan was the period when the Japanese growth mandate shaped her policies and politics towards the collective national interest (Muramatsu, Iqbal and Kume 2001), which was unchallenged for the most of the rest of the twentieth century. After a political turmoil during the 1950s over constitutional amendment and defense policies, which closely overlapped an ideological debate between the capitalism in alliance with the United States and the socialism with neutrality to both the Soviet Union and the United States, national economic growth became the general political objective in the 1960s (Kamo 1993; Ohtake 1999). Japan’s central leadership had a clear idea about its developmental policies and administrative system under this economic nationalism: the central bureaucracy positioned local units as the locations of economic production while local elites took advantage of the central economic policies to achieve local growth. In so doing, the local elites delivered the success of the central development policies to the central bureaucracy in return (Kamo 1993). As a result, there established was a clientalistic relationship between the central bureaus and local polities. The bureaucrats relied on local economic development for their policy success and credibility while the local leaders needed central guidance and financial support for policy implementation. Kamo (1993) determines that the neutralization of the post world-war II

radicalism through this central-local clientalistic growth policy during the 1950s shifted the Japanese political agenda from ideological engagements to economic materialism. The economic development policy was political in nature; the conservative government tried to curtail the political radicalism gathering force among the urban working class at that period. Kamo (1993) concludes that the shift from political idealism to economic materialism marked the beginning of the “Japanese political system” saddled with clientalism and developmentalism controlled by oligarchic bureaucracy.

It was the central bureaucrats, rather than the political leaders, that commanded the post-war state developmentalism and policies in Japan (Kamo 1993). For example, the central ministries built grounds for Japan’s post-war economic activities after the Second World War. According to Kamo (1993), first of all, the central bureaucrats made concentrated investments in the basic infrastructure, such as roads, railways, telecommunication, harbors and industrial site developments through the 1960s. Secondly, they designated strategic industrial development zones and provided tax abatement for targeted industries to encourage investment. Thirdly, they directed private banks through the influence of the central bank or developed special purpose public funds to provide the private sector with much needed low interest finance for their production capacity building. Finally, the central government orchestrated cooperative labor movements by offering welfare state policies and by establishing the *Shunto* system – an annual comprehensive labor negotiation, linking the national economic growth rate to the basic wage increase for both private and public sectors. These labor policies, combined with the adoption of lifetime employment and seniority system then emerging in large Japanese business organizations coaxed the Japanese labor movement into a cooperative,

company-oriented sort (Kamo 1993). The corollary from these organized efforts was the aggressive economic developments since the 1960s that the Liberal Democrats – Japan’s perennial ruling conservative party – and their cozy central bureaus implemented in collaboration with the private sector. It was then when the private sector increasingly became organized as an interest group (Kamo 1993). The consequent rapid economic growth made the labor manageable, the centralized political system strong, and an oligarchic relationship between the central administrations, the ruling party politicians and the business sector secure in place as the mainstay of the Japanese political system (Kamo 1993).

Kamo (1993) illustrates state developmentalism and oligarchic clientalism as the Japanese political culture through the case of the growth period Osaka. Osaka was one of the four Japanese urban areas selected for the sites of national industrial development projects during the 1960s. In this selection process, the local bureaucrats in Osaka (particularly those of Osaka Prefecture¹) played an instrumental role. They successfully coordinated the central administrative planning and the business motivation of the local private sector to materialize urban industrial development in the area (Kamo 1993). The subsequent central-local growth coalition resulted in the construction of a massive oil processing and refinery complex on a reclaimed land in Sakai City, Osaka Prefecture. The complex was perceived as a promise for jobs in the area and pacified the radicalism among the local working class, marginalizing objections against the excess government-led developmentalism and concerns for the local quality of life (Kamo 1993). Similar

¹ Bureaucrats in Japanese prefectures usually have strong relationship with the central ministries. Often, prefecture governments and the central ministries exchange personnel for policy coordination and political ties.

economism at local politics and their desire to link up with the central developmental policies strengthened the 1960s onward. As a result, in the 1970s, *Zoku* politicians became powerful national political actors (Kamo 1993). *Zoku* means tribe in Japanese and connotes belongingness and allegiance to certain groups. Thus, the *Zoku* politicians are those who have strong connections with particular central ministries and use these connections to deliver central government funds and projects to certain locales and/or industries. In return, the *Zoku* politicians accumulate political power through the political loyalty that the beneficiaries of this clientalism guarantee through, for example, local elections. In return, the *Zoku* politicians use the political power to influence as well as support central bureaucrats and their policies. Hojokin (special-purpose government grants) is the government fund that the *Zoku* politicians mainly use as the patronage to dispense. Kakuei Tanaka, the Prime Minister between 1972 and 1974 arrested in 1976 and convicted later for a bribery case involving a purchase of passenger airplanes from Lockheed Corp, symbolizes the prototype of the *Zoku* politicians. He represented the interest of the Ministry of Construction and channeled disproportionate amounts of public investments and projects to his rural precinct region throughout his career. His powerful political machine continued to influence the Japanese politics even well after his arrest in 1976. The reason existed in the fact that the centralized bureaucratic developmentalism based on the Japanese oligarchic clientalism continued and Takana kept his influence and support for this political system (Kamo 1993). Contemplating on the strong Japanese political culture this example demonstrates, Kamo (1993) summarizes the Japanese developmentalism with following characteristics:

- Even distribution of wealth
- Efficiency, unity, equity, inclusiveness in policy implementation and governance
- Corporatism without the working class
- Concentrated central bureaucratic control
- Center-local interdependence in the bureaucratic network to allow decentralized decision making, particularly for private business decisions

The clientelistic oligarchy was tolerated to achieve national economic development goals these developmentalism characteristics subsume. This indicates that there was strong political regulation, including local level regulation, over the system of capital accumulation in the Japanese political economy.

Intergovernmental Relations in Japan

Researchers debate on the nature of Japanese intergovernmental relations as to whether it has a top-down structure or a more politically motivated central-local integrated system (Kamo 1993; Muramatsu 1997). This debate is another way to evaluate the nature of Japanese political system. If the top-down was the character of Japanese intergovernmental relations, it would indicate strong national political scale and the local are administrative units of the national. On the other hand, if the central-local integrated system was the prevailing intergovernmental relations in Japan, then that could prove a level of local political independency and from-below influence. Before getting into this debate, some description about the system of local government in Japan is necessary. Japan has a three-tier government system. Below the central government are the

prefectures as the intermediary level of government, followed by the fundamental units of municipalities. There are forty-seven prefectures. The number of municipalities is now declining under central government sponsored merger initiatives but it is approximately 2,400 at the time of this writing. The basis of the current intergovernmental relations between the three tiers was formulated during the post second war period although reforms since the 1990s have brought new changes in recent years. Prefectures and municipalities were given substantial political autonomy with governors and mayors publicly elected after the democratization and administrative reforms during the post-war period. However, the central government managed to retain substantive control over prefectures and municipalities through administrative and fiscal instruments. The administrative control was maintained by the “agency delegation” system. Under this system, the central government appointed the governors/mayors of prefecture/municipal governments as the agencies of the central government to implement major delegated functions of the central to these subnational governments. This put prefectures under direct control of the central government and municipalities, under prefectures to the degree that the publicly elected governors and mayors could be, “in principle, removed for non-compliance by central government authorities (Muramatsu, Iqbal and Kume 2001, p4). Subnational governments were fiscally controlled by the central government. Through the allocation tax (national redistributive tax transfer to local governments) and grants-in-aid, central government was successful to push to the subnational governments centrally devised policies and administrative mandates. In this way, a nested hierarchical administrative system had been practically in force until the reforms in the late 1990s.

Moving back to the debate on central-local relations, there are two theories to support for the top-down interpretation. The first one is called the “Dispersed Concentrated System.” The main argument states that Japanese administrative responsibilities are widely distributed to local governments but the political authority to determine the administrative mandates remain at the center (Jinno 1999). The second is the “Integrated Concentrated Model,” in which the advocates describe that Japanese local governments perform subsidiary functions of the national government, which controls the decision-makings of the local governments (Nishio 1999). In contrast, Muramatsu, Iqbal and Kume (2001) raise a number of factors that indicate the integrated nature of central-local relations, which are mediated by the actions of politicians in the Japanese political system. Their arguments include an observation that local elites in different areas compete for larger shares of the central government resources and use their political power to negotiate more favorably than others with the central bureaucracy. In so doing, local interests represented by their politicians are reflected on the central policy decisions. The researchers (2001, p10) describe this process with the following example:

[L]ocal officials would go to Tokyo (the national capital) to persuade the officials of the national government to grant special national support to their cause.

Locally elected parliamentarians and local politicians, along with local public officials, went to the LDP (Liberal Democratic Party) headquarters and to the ministries of the national government.

Further, the researchers (2001) add that the rivalry among central ministries also existed in competition for local resources. With this, they conclude (2001, p6-7):

[A] reciprocal consultation system emerged between locally elected politicians and bureaucrats, both at the centre and at the periphery in the process of implementing policy decisions...In Japan it is the mixture of political and administrative elements that has contributed to the maintenance of the coherence and the integrity of the national community.

With this, they name the Japanese central-local relations as the “Lateral Political Competition system,” which claims that politicians play the important roles, including a local political representation in the Japanese political system, and indicate that the top-down political control dominated by the central bureaucracy until the mid-1950s had to change its nature. Since, the central-local elite clientalism provided the Japanese political system with the flexibility to maintain its strong centralized structure relatively crisis free in which the central core political regime would implement the state developmental policies during the post-war growth era (Kamo 1993).

Yet, this did not necessarily mean the lateral political competition system was democratic. The problem is the tendency of this system toward a single party domination. The important intermediary role played by politicians practically means that political parties, in practice the LDP given its perennial political control, support and control the clientelism describe above (Muramatsu 1994; Murakami 2003). However, the success of the clientalistic system deprived local polities of real political options and autonomy (Kamo 1993). Under this interdependent central-local administrative-political relationship, local polities feel strong incentives to maintain good relationship with the central bureaucracy. Since the central ministries and the LDP are paired up for the centralized developmentalism, LDP also dominates the local political scene supported by

the interest of local economic elites eager to connect to the central ministries. This, in turn, forces other several political parties, to coalesce with the LDP and forego the prospect of running their own candidates at local elections. This creates an odd but not unusual condition of Japanese local elections where all political parties nominate common candidates. It is known as the “car pooling election” - a rather pathetic effort by non-LDP parties to have, or claim to have, at least some influence to the central government policy decisions.

As the debate over Japanese central-local governmental relations described above indicates, the central-local relationship in Japan is not set in stone but has been evolving albeit slowly. Muramatsu (1997) demonstrates this by identifying three stages of Japanese intergovernmental relations. The first stage is the central bureau domination experienced before the birth of a strong conservative party, the Liberal Democrats in 1955 after the occupation period by the United States military had ended. The slogan, “catching up with the West” emerged during this period. The second stage is the “local regionalization” of the Japanese statist system, where local polities were constrained by the strong statist system while they were empowered within the integrated structure to assert their interests. This is the condition described by the Lateral Political Competition system above. The last stage is the system currently emerging. The advent of the global economic system since the 1980s has been bringing about various contradictions of Japanese centralized political system and its scale defined at the national (details in the following section). Consequently, a number of neoliberal political reforms have been attempted since the 1980s. Muramatsu (1994) argues that this marks the turning point of Japanese political system towards decentralization. The catching up economic

development policy for the nation as the state goal became less meaningful. Diversity and individuality, rather than equity and unity, were becoming virtues, accepting uneven national developments. Apparently, the local political scale and identities have been strengthening political significance under the globalizing economy whereas the assertion of state interests based on the national scalar identity, once unquestionable, was losing credibility. The following section reviews the historic events in the Japanese political scene since the 1970s to investigate how this change might have taken place.

Globalization and Reforms

The Second Provisional Administration Reform Council

The Japanese political system described in the above sections was the social filter through which the nation absorbed and responded to the large external environmental changes arising from globalization. The first of such changes was the Oil Shocks in the 1970s. Since the mid-1960s, the Japanese government had been accumulating a large budget deficit to finance state developmental policies. The two Oil Shocks in the decade forced the government to continue to do so to overcome the Oil Shock-induced economic recession (Ohtake 1997). This left the government a serious budget deficit by the end of the 1970s. When the government attempted to introduce a consumption tax to restore the budget balance, the public and business leaders determinedly opposed to the new tax, resulting in a defeat of the ruling party in a national election and the resignation of then Prime Minister Ohira in 1979. The first major political reform became an important political agenda in the early 1980s against this background.

The issue of fiscal crisis was soon expanded into a structural reform movement² to break the central-local clientelism and centralized, oligarchic political system (Ohtake 1997). The reason behind this was two-fold: firstly, the Japanese private sector, overcoming the Oil Shocks through internal austerity measures, strengthened their belief in the market principles whereas, secondly, the political clientelism was persistent, protecting loss-making government-controlled corporations, symbolized by the Japan Railway System (Ohtake 1999). The Second Provisional Administrative Reform Commission (SPARC), an independent committee headed by a prime minister-picked business leader, led the administrative reform during the early 1980s. The reform was set to privatize public corporations because, it was considered, these organizations were the structural factors through which the clientelism between the central ministries, their *Zoku* MPs (mainly the ruling Liberal Democrat Party (LDP) members) and local public/business interest groups survived and for which government budgets were squandered. Another element of this reform was the ideology of “small government” neoliberalism that then Prime Minister Nakasone adopted through the influences of Margaret Thatcher in the U.K. and Ronald Regan in the U.S.A. (Ohtake 1997).

However, this neoliberalism-inspired reform movement stopped short of making structural transformations in the Japanese political system as the “bubble economy” in the late 1980s grew so extravagant that the increased government revenues paid off the budget deficit and made many feel free from the reform need (ironically, the seed of the bubble economy was sowed by the policies implemented by Nakasone himself as explained later). In addition, Ohtake (1997) suggests another reason for the failure.

² In fact, it was often called a “political and fiscal reform” (Ohtake 1997).

According to him, the Japanese belief in the free market discipline and neoliberalism differed from those in “Thatcherism” and “Reganganomics” in that the Japanese adoration for a small government was primarily intended to tackle the country’s persistent political corruptions and clientelism, but not to convert its government into a genuine neoliberalism ideologue. In fact, the leaders of SPARC did not actually forfeit the Japanese statism. On the contrary, their ultimate objective from their reform was to strengthen the future of Japanese welfare state through a more efficient “small government” (Ohtake 1997). The attitude of Japanese public reflected their leaders’ sentiment. The citizens never seriously considered the option of smaller government with smaller public welfare provision (1999 Ohtake). Privatization of major public corporations and the setting of spending limits on public projects did take place during SPARC but the oligarchic statist culture and centralized political structure practically weathered the reform.

The Plaza Accord and Political Consequences

Although the neoliberal ideology, which was spreading through the Western and Latin American countries during the 1980s, did not take root in Japanese politics, the globalizing economic order, which accompanied the neoliberalism ideology, hit Japan squarely. The Japanese political reform efforts in the late 1980s through the early 1990s were closely tied to the global economic order, following the Plaza Accord of the G5 Meeting in 1985. Since the meeting, the international league of elite nations urged Japan to contribute to the global economic growth by reducing its trade surplus, especially against the United States, and expanding domestic demand to weaken its export reliance.

This is the second of the globalization-induced external environmental changes that eventually affected the structure of Japanese political system. The Japanese yen immediately soared after the accord. The Nakasone Administration, the avowed advocate of the SPARC reform, needed to expand the domestic demand to compensate the industries for their suffering from the expensive Japanese currency as well as to absorb US trade deficits. His strategy was the mixture of a nation-wide land redevelopment plan and the introduction of private sector incentives for it. With this idea, Nakasone compiled the Fourth National Comprehensive Development Plan in 1987. This general plan included the Urban Redevelopment Policy (a.k.a. Urban Renaissance), which in practice concentrated on the redevelopment of Tokyo (Murakami 2003).

These expansionary, deregulatory and Tokyo-oriented policies set off an almost euphoric economic boom in Japan through 1987 and 1988. This boom – the bubble economy – sapped the thrust for the political reform as mentioned earlier but set off two more important events: intensification of the “Tokyo monocentric concentration” problems (details in the following sections) and the return of corruption to the Japanese political system. A chain of bribery scandals came to surface between 1988 and 1992. The involved were then Prime Minister Takeshita, the deputy leader of the ruling Liberal Democratic party, an upper house representative, a top-ranking bureaucrat, two governors, and a mayor. These two apparently separate developments intersected at a point. Vigorous debates about these problems accused the Japanese political system of the cause of the two evils, concentrating political power and economic wealth in Tokyo. These debates led to another round of reform recommendations (Murakami 2003).

The Third Administrative Reform Promotion Councils

After the above political developments, politicians proposing political decentralization as the solution to the corruption-prone political system and the economic polarization gained the upper hand in the early 1990s. Their explanations included that decentralized local governments would break the iron triangle between the bureaucracy, politicians and the businesses in the center-local relationship by doing away with the oligarchy's life blood, the central grant system. Furthermore, local independency would foster initiatives for local economic development and reduce the culture of dependency on the center – another cause of Japanese clientelism. At the same time, local economic development based on decentralization was expected to solve Japan's economic trade surplus by expanding domestic demands. This was strategically important for the central policy makers because Japan's market liberalization and domestic market expansion remained crucial under the persistent US pressure since the Plaza Accord. Finally, local development would alleviate the problem of the "Tokyo monocentric concentration," which included the twin troubles of the excessive economic concentration in Tokyo creating economic weakness in rural areas and exorbitant land price and housing costs in the capital. Both of these problems were considered factors curtailing Japanese domestic demand expansion (Murakami 2003).

The central figure supporting this decentralization was Morihiro Hosokawa, a former Governor of Kumamoto Prefecture and the Prime Minister between 1993 and 1994. He was also an influential figure in the Third Administrative Reform Promotion Councils (1990 – 1993). To become a responsible and contributing partner in the global economy, Japan must have strong local governments – this was the rhetoric on which the

reform council recommended government rescaling, political decentralization and market liberalization policy recommendations (Murakami 2003). The rationale for the connection between domestic demand expansion and political decentralization stemmed from the belief that the export-oriented economy and the Japanese centralized political system fed each other (Murakami 2003). Hosokawa and other reformers argued that the central bureaucrats and the business headquarters in Tokyo on the one hand and other local regions and their rural economies on the other created the dependency of the latter on the former through political clientelism. Consequently, without political independence, the local regions would never try to be economically self-sufficient and stay poor. This, in turn, would motivate the large businesses in Tokyo to cultivate export markets for demands. With this conjecture, the reformers pressed for a shift from the centralized to a neoliberal decentralized government system suitable for the globalizing economy with highly political motivations, including, to break the centralized oligarchy, to respond to the American political pressure for domestic demand expansion and to counter the soaring Japanese currency, which was diminishing Japan's export industries (Ohtake 1999). Coincidentally, the first Gulf War broke out in 1990. Japan was soon challenged by the international community for its global security roles. Taking this also into consideration, the Administrative Reform Promotion Councils recommended the devolution of domestic administrative responsibilities to local governments so that the central government could concentrate on the functions purely of national and international significance (Murakami 2003).

Although many factors appeared to have worked for the decentralization reforms in this way during this period, the most notable force was the bottom-up political

pressures mustered by subnational government leaders, particularly by governors. The phenomenon of Tokyo monocentric concentration was a strong urge for them to demand local political power and autonomy. The entrepreneurial “new wave” governors and neoliberal devolutionists emerging at this period, including well-known globalist Kenichi Ohmae spearheaded the campaigns for higher local autonomy (Murakami 2003). This contrasts to the Second Provisional Administrative Reform Council, where reform proposals were made top-down for administrative efficiency and fiscal austerity, not decentralization, both at the central and local governments.

Decentralization Reform in the 1990s

Many of the decentralization policy recommendations made by the reform councils by the early 1990s in fact did not materialize. Powerful interest groups well-connection to the central ministries effectively wrecked the enactment of the policy recommendations (Kamo 1993). Nevertheless, the political momentum for decentralization carried by the leaders of local governments and some business sectors (particularly those in Osaka area) did not disappear (Nishio 1999). To prove, in 1993, the Resolution for the Promotion of Political Decentralization in both Upper and Lower Houses was passed with full bipartisan supports – an remarkable feat considering the diversity of Japanese political parties ranging from the LDP to the Japan Community Party. Given this, the Third Administrative Reform Promotion Councils presented the Framework for Decentralization Promotion. In September 1994, the coalition of six local

government organizations³ jointly published a recommendation report for decentralization reform. Separately, the 24th Local Administrative System Research Committee – a prime-minister sponsored special committee submitted their version of decentralization recommendations in November 1994, reflecting on what the leaders of Japanese subnational government leaders had to say about decentralization (Kamo 1995). These two decentralization recommendations proposed, among other things, the creating of a special task force committee that would determine the details of the terms of actual decentralization procedures and the contents of the reform legislation bills. The task force would also function as the negotiation mediator between the central ministries and local government leaders. At the same time, the two recommendations constituted the basis on which later negotiations on the terms of decentralization reforms were made (Takagi 1999). In 1995, the Diet passed the Decentralization Promotion Law, which mandated the setting up of an independent decentralization promotion committee as proposed by the two recommendations. In due course, the Decentralization Promotion Committee was set up and played the crucial role in the subsequent passage of the Comprehensive Decentralization Promotion Law in 1999. The committee leaders, who were business leaders and academics, in practice functioned as if they were the legal councils of local governments. They made negotiations strategically to extract agreements and compromises from the powerful central bureaus on behalf of the local interests for decentralization (Nishio 1999).

The achievement of the Comprehensive Decentralization Promotion Law considered most remarkable is the abolition of the agency delegation system between the

³ The six organizations include an association for each of governors, mayors and the mayors of small municipalities, prefecture councils, city councils and the councils of small municipalities.

central government and the local governments. By the abolition, local governments were supposed to have gained administrative autonomy independent of the central government to make the intergovernmental relations even-grounded rather than hierarchical. The equivocality stems from the replacement of the agency delegation tasks with newly established “legal commission” tasks, which requires local governments to deliver public services regulated by the central administration (Kaneko 1999). More contentious was the fiscal autonomy of the local governments. Generally, Japanese local government has been financing only thirty percent of their total budget. The central government financed the seventy percent of the services local governments deliver, over which the local governments did not have discretion. Fiscal decentralization reforms are comprised of three elements: the abolition of central grant system, transfer of decision-making authority and the transfer of tax resources from the center to local. Political debate has been intense during the last half of the 2004 for the reform of these three elements, largely known as the Trinity of Fiscal Reform in Japan. In December 2004, an agreement was struck to implement the Trinity Reform but the contents of the agreement were watered down from the original goals. Another important development in Japan’s recent government structural reforms is the review of the local government system itself. In 2003, the 27th Local Administrative System Research Committee recommended a new block system of local governance structure. If implemented, the current forty-seven prefectures will be reduced to a smaller number of larger subnational political units. The details of this new block system are currently being discussed by the 28th Local Administrative System Research Committee. Once these recommendations were enacted into a law, large changes in the Japanese intergovernmental relations would be inevitable.

Urban Consequences of the Reforms

The Tokyo Problem and the Capital Relocation Agenda

The above sections explained that the Tokyo problems stemming from the Tokyo monocentric concentration was a main factor among the reasons motivating the government decentralization reforms in the early 1990s. Tokyo dwarfs the rest of Japan and, as the national capital, Tokyo and the central government have strong linkages in their histories of development. Once this fact was taken into account, we could observe a picture of Tokyo versus other local interests in the decentralization reform efforts of the early 1990s. There are a number of examples that can attest the contributions the central government policies made to the Tokyo monocentric concentration. The Fourth National Comprehensive Development Plan announced in 1987 included the Urban Redevelopment Policy (a.k.a. Urban Renaissance) targeted at the concentrated redevelopment of Tokyo (Murakami 2003). The urban policy's main plan was to develop Tokyo into the world city of Japan (Kamo 1993). The government's rationale was efficiency: it makes more strategic sense to concentrate global finance and information management functions in one central location and redistribute the wealth across the nation than spreading out functions over the country (Kamo 1993). The "world city Tokyo" was already under government plan since the late-1980s largely at the cost of the second economic zone, Osaka/Kansai region⁴. Kamo (1995) accuses the Second Provisional Administration Reform Councils (SPARC) of the power concentration in Tokyo and ensuing monocentric concentration. According to him, the SPARC reform was a Thatcher-style top-down privatization combined with the centralization of political

⁴ Kansai is the name of a region including major cities Osaka, Kyoto and Kobe and their surrounding areas.

control. The reform's privatization policies created new business opportunities but business leaders needed to have access to the core political network to receive information for the new business opportunities. Since such political network is informal in nature, face-to-face interaction became essential for the access. This brought up further business and political concentrations in Tokyo. The consequent power concentration even necessitated local governments to have their own satellite offices in Tokyo (Kamo 1995). With formal and informal power structures building up in Tokyo, the Tokyo monocentric concentration was inevitable as far as the capital existed there under the centralized Japanese political system. Ironically, the high concentration of business and political activities turned to be Tokyo's weakness by raising its land values to the extreme. Businesses started to leave Tokyo to avoid its very expensive rents, foreign companies started to find investments in Tokyo unattractive and married couples started to hesitate to rear children because of expensive housing and long commuting.

The relocation of capital became an important national political agenda against this background during the 1980s. It was SPARC after the Fourth National Comprehensive Development Plan announced in 1987 that made an official idea of the capital relocation a political agenda during the 1980s (Osaka 2002). In 1992, Japanese lawmakers passed the "Law for the Relocation of the Diet" to start the legal ground work for the relocation. The end of the growth era Japan reached in the late 1980s did not alleviate the Tokyo concentration trend. On the contrary, the post-bubble economy of the 1990s worsened the concentration. The cause is structural: the economic recession after the bubble burst caused plummeting domestic demand, which furthered export reliance of Japanese industries. This triggered retaliatory appreciation of the yen instigated by the

United States. This forced Japanese businesses to start shifting their production capacities to cheap labor countries and/or to the US to hedge the exchange rate. The consequences have been the increase in the central research and development functions in Tokyo and the disappearance of the production facilities in other regions (Murakami 2003). Thus, the need for capital relocation appeared more important and urgent. Despite this, the central government reversed its policy and made decisions to concentrate developments in Tokyo once more to increase its competitiveness since the late 1990s. A serious setback to the capital relocation agenda came from the policy change to prioritize the fiscal structure reform that were dealing with the nation's deep fiscal problems since the late 1990s. The fiscal crisis was a result from the post-bubble economy recession and the failure of massive public spending packages formulated by the prime minister Obuchi and his treasury minister Miyazawa to pull the economy out of the recession. In 1997, a policy committee comprising of the ruling party's senior members recommended to restore the messy fiscal structure first before dealing with the capital relocation. This set the fate of the capital relocation agenda thereafter (Osaka 2002).

In the year 2000, another turn took place in the capital relocation argument. Researcher Osaka (2002, p233) reports in his book that then minister of the national land agency expressed a virtual opposition to the relocation agenda in July by stating, "It is not a capital unless (it is where) the politics and economy integrate. The budget that would be spent to the relocation should be spent on Tokyo" (translation from Japanese by this author). In an apparent orchestrated move, other powerful ruling party members echoed the comment, suggesting the redevelopment of Tokyo while then prime minister, Mori indicated the revision of the relocation agenda (Osaka 2002). The same minister of the

national land agency confirmed her comment in November the same year by mentioning, “In the current situation, under the current internationalization, the division between politics and economy is not something Japan should pursue,” Osaka (2002, p241: translation from Japanese by this author) again reports, to explain the global competition as a rationale for the government’s renewed Tokyo centered policy. Behind this comment was a political judgment. Osaka (2002) explains that the ruling party’s defeat in the June 2000 upper house election was caused by the urban populations unhappy about the large public spending the Obuchi administration had made in rural areas to stimulate the declining economy. After this acknowledgement, the ruling conservative party leaders reverted to the fiscal restructuring policies and to the neoliberal “small government” ideology popular during the SPARC reform in the 1980s while the capital relocation was labeled as a symbol of the “old-style, big spending politics by the clientalistic politicians” (Osaka 2002). This policy change indicates the shift in the scale of political ideology from national to urban, as the following sections explain.

The Economic Strategy Conference and the Urban Renaissance Headquarters

The recoiling from the capital relocation agenda by the ruling Liberal Democratic Party leaders was based on the recommendations made by a government sponsored special policy study commission, the Economic Strategic Conference (ESC) convened between 1998 and 1999. The policy plans presented by this commission bear crucial influence to the current urban developments and government rescaling.

ESC is a brainchild of Prime Minister Obuchi who took office in the middle of deepening recession in 1998. The objective of ESC was to lay down long-term, medium-

term and short-term strategic action plans to rescue the nation from its deep economic problems that even worsened as the 1990s proceeded (Igarashi and Ogawa 2003, p44-45). ESC's final report identifies five broad strategic areas to achieve much needed economic recovery, including 1) the scenario for economic recovery and a road map towards financial sustainability: planning towards a "small government" for better fiscal control, 2) The development of healthy and creative competitive society and the establishment of social safety net: planning for local government self-reliance and free market principles to reward individual efforts, 3) the complete settlement of the Bubble economy problems and the establishment of the "21st century type financial system": planning to enhance the liquidity of real estate assets to establish an efficient new financial system, 4) The establishment of vital and internationally competitive industries: planning to establish an institutional support system to encourage the development of competitive industries, and finally 5) the strategic infrastructure building and regional approach for revitalization: planning for comprehensive regional development approach through urban regeneration, environmental improvements, advanced information infrastructure, education/human resource development, social welfare and better housing (ESC 1999).

The enhancement of liquidity in real estate assets is placed as the vital policy in the final report to rejuvenate Japanese economy. The depression of the 1990s pushed the land market so low that the suffering banking sector was strapped with their unmarketable collateral properties to bad loans. The plan aims at not only enhancing confidence in the Japanese banking sector but also establishing a better financial system that would reactivate real estate transactions and cash flow. Urban redevelopment is considered the stimulus to put the real estate economy back into gear. The report explains

(ESC 1999, no page number is given: author's translation from Japanese): "the important thing is to sell or convert inert real estate assets into profitable uses to produce cash flow...to this end, making large-scale, comprehensive schemes is most crucial. That is, we strategically develop new regulations and environmental conditions that fundamentally restructure Japan's urban forms and promote further urban redevelopments to enhance the liquidity of real estate and profitable land uses."

Cities are considered of long-term strategic importance for the economic recovery. The report points out the need for global competitiveness for Japanese cities and recommends a shift in policy from "controlling urbanization" to "inducing urban agglomeration" to produce multi-functional cities, including work, dwelling, play, child rearing, education and medical services. To realize this objective, the report makes a number of recommendations. Firstly, it says, "upon the recognition that cities are the basis of the national economy, we consider urban redevelopment policy as a nation-wide state strategy" (Ibid.). Measures for natural disasters, such as earthquake, and for better traffic and shorter commuting are listed as the second and third recommendations. Fourthly, it recommends the "future city pilot project," which will be implemented by a national-level advisory board. The board is expected to "materialize multi-purpose, large-capacity and high-rise buildings and to develop comprehensive implementation plans for those projects by revising related laws and using the powerful leadership of the state" (Ibid.). Fifthly, it recommends around-the-clock airport operation, particularly for the capital region area. Lastly, it recommends the construction of under-ground tunnels to bury electricity lines to improve the aesthetics of the nation's cities.

These are the strategic directions towards which another prime-minister advisory committee was called for to devise new national urban redevelopment strategies. As the following section describes, Tokyo was heavily favored for the implementations of urban redevelopment strategies.

The Urban Regeneration Headquarters

The Urban Regeneration Headquarters (URH) was established in 2001, following the recommendations from ESC. It is important to note that Prime Minister Obuchi did not try to implement the recommendations from ESC immediately. Instead, he and his treasury minister Miyazawa first opted for the traditional Keynesian strategy of public work spendings throughout the country to stimulate the economy. Despite its huge scale, it failed. Meanwhile, Japan's most powerful economic interest organization, Nippon Keidanren prodded the prime minister to work on urban redevelopment following the ESC recommendations (Igarashi and Ogawa 2003). Apparently, the influential economic interest group persuaded the government; Obuchi convened two committees, one for the Tokyo area and the other for the Osaka area in 2000. These two Urban Renaissance Roundtable Committees, comprised of local government leaders, intellectuals and business group representatives and real estate interests, recommended urban development plans. In the following year, the plans presented by the roundtable committees started. The newly-elected Prime Minister Koizumi announced in his inauguration speech, Igarashi and Ogawa (2003, p44-45: translated from Japanese by this author) reports in their book, "we will raise the international competitiveness and attractiveness of our cities through urban regeneration and flow of land (through developments and more land

transactions). To this end, we will soon set up ‘the Urban Regeneration Headquarters (URH),’ with myself becoming the director.”

The objectives of this new government agency include, “to direct the public sector’s capital and expertise to our cities, particularly to large metropolitan areas such as Tokyo and Osaka” and “to create world cities internationally competitive and to develop safe, attractive, sustainable and nature-friendly cities” (URH 2001). The discernable common ideas running through ESC, Urban Renaissance Roundtable Committees and URH include, that the government should deal with the prolonged economic crisis in the contexts of the global economic competition and Japan’s economic structural reform; that neoliberal structural changes, including devolution for local initiatives and privatization for increased private sector involvements, are essential; and that urban redevelopments, particularly in Tokyo and Osaka, link these two strategies.

The first and second rounds of urban regeneration projects adopted by URH concentrated in Tokyo, including a Tokyo Bay area restoration, the Haneda Airport expansion, and the construction of three loop bypasses in the capital region, all of which had already been planned by Tokyo Metropolitan Government (TMG). As Chapter 5 reveals, TMG and its governor had the leadership for the redevelopment plans in the region that URH proposed as national projects. These facts illuminate the political economy formulated through the coalition of the central leaders and TMG and its scalar understanding of Japanese state interest. In contrast to the Obuchi administration’s nation-wide (or country-wide) state development approach it first tried, the current administration prioritizes the urban regions, particularly Tokyo for economic development for the entire state. This ideological shift seriously undermined the viability

of the capital relocation agenda, the ideal of which declared the need to break the Tokyo monocentric concentration of politics and economy and the introduction of new political culture for decentralized nation-wide development. It is an indication, at least at one level in the current Japanese politics, that the urban is replacing the national as the interpretation of the state interest. It is true that this was not the first time that the central government implemented strategic urban-centered development. In fact, that is exactly what the post-war central economic development policies did as described in the beginning of this chapter. The Tokyo-centered developmental state had long been the model (Hill and Fujita 1995) by which the state was geared towards national growth while Tokyo become the economical, social and cultural center of the nation (Fujimoto 1992; Sakaiya 1992). Despite this urban concentration, Japan's clientalistic central-local interactions maintained the nation-wide concept of state identity and scale for even standard of living. The "Lateral Political Competition system" (Muramatsu 1997), in which politicians mediated the tension between the central-local relations by representing local interests, provided political stability needed for national economic growth (Kamo 1993). Now this nation-wide developmental system is being challenged along with the scalar definition of the state in a way different from the decentralization movements until early 1990s. The decentralization promoted during the Third Administrative Reform Promotion Councils in the early 1990s was a bottom-up demand for local political independence against the excessive Tokyo monocentric concentration. It was a local political determination movement mainly supported by prefecture governors who became increasingly entrepreneurial and discontent with the political nature of the clientalistic

urban-rural adjustment system. Their cause is still strong currently demanding fiscal decentralization reforms against the central ministries.

Thus, a complicated picture illustrates the decentralization and political rescaling movements taking place now in Japan. On the one hand, there is a strong urban ideology supported by business leaders, the current Prime Minister Koizumi and urban elites, notably Tokyo's, towards neoliberal reforms of devolution and marketization. On the other, there is a localism demanded by subnational political leaders, particularly prefecture governors, towards decentralization and local autonomy. The difference can be subtle: the former emphasizes the market and tries to stimulate the economy through Tokyo's redevelopment. The national bond of redistributive welfare state will be loosened. The latter is more idealistic with fervor for local sovereignty and democratization but the premise of national redistributive network is subsumed. Yet, these ideas are rife with confusions, opaqueness and even disagreements surfacing within each camp. Sometimes, the interests of these two sides overlap against, for example, the central ministries staunchly resisting relinquishing power. But other times, there is a conflict of interests between the two along the urban-versus-rural spectrum; often this means Tokyo versus the others. Presently, these two geographically-determined and economically-motivated ideological groups opportunistically cooperate against the central bureaucrats. For example, the governor of TMG Ishihara regularly attacks the central government to demand more local autonomy as a local government leader and a member of the governors' association but he has a strong urban-centered nationalism agenda (details will be in Chapter V). Other governors, particularly those of rural regions, are wary of strong neoliberalism that would make Tokyo the single winner. It seems to

me that as an island country with a history of isolationism and imperial nationalism, the scale of state has been taken for granted at the national level for long in Japan. But now, under direct and indirect influences of globalization, the nation-state finds its idea of political scale in turmoil.

Tokyo and Osaka

The sections so far extended in this chapter can testify through the experience of Japan that central government policies, such as economic development and political reforms create direct and indirect influences on the country's cities and regions. In this section, to continue this observation and to prepare for the comparative urban case study that follows this chapter, I will briefly describe the influences of Japanese state policies to two Japanese metropolises, Tokyo and Osaka.

Tokyo is the capital of Japan. Its Tokyo Metropolitan Government (TMG) is the nation's only metropolitan incorporation. Osaka is Japan's second urban economy. The city of Osaka is the capital of Osaka Prefecture, making up approximately thirty percent of the prefecture population. These metropolitan areas combinedly make up about 17% of Japanese total population. When their entire city-regions are added together, this proportion will increase to more than forty percent. Both areas are considered world cities in the roster of world cities by Beaverstock, Smith, and Taylor (1999), with Tokyo among the top-tier Alfa world cities while Osaka, a third-tier Gamma world city. Since TMG is an equivalent of a prefecture in the Japanese intergovernmental relations, Osaka Prefecture will be the better counter part than Osaka City for many comparisons. Chapters V and VI include further descriptions about these two metropolises.

Tokyo is Japan's flagship. A system of economic and political inter-dependency has been in operation between the city and the state. For example, during the post-war growth era, the central government hosted the Olympic Games in Tokyo with concentrated urban development investments to project Japan's modern state status to Japanese citizens internally as well as to the world community externally. In recent years, the national government developed Tokyo into a world city (Hill and Kim 2000). Under the global competition, the mutual dependence between the central government and the capital intensified (Saito 2003). In contrast, the lack of likewise central government attention affected Osaka to decline its relative status vis-à-vis Tokyo despite the fact that Osaka was superior to Tokyo early in the twentieth century (Hill and Fujita 1995; Kamo 2000). The central government privileged Tokyo as its capital region over Osaka for urban development. It has been directly involved in the planning and investments of Tokyo but preferred to apply a public-private partnership formula to Osaka. Two international airports constructed in these two areas exemplify this difference (details will be discussed in Chapters in V and VI). The central government policies also produced differences in the local institutional structures of these cities, which, in turn, have led the two economies to diverging paths. Japan's then imperial government forced the merger between Tokyo City and Tokyo Prefecture as a part of war effort in 1943. This subsequently advantaged Tokyo's regional planning capability and development (Kamo 1999). In the Osaka area, on the other hand, Osaka Prefecture and Osaka City have had very contentious relationship, particularly after the central government having granted Osaka City a special city status with a rivaling political status to Osaka Prefecture. The

contentious relationship between Osaka City and Prefecture has haunted them for difficulty in regional coordination and development (Kamo 2000).

However, the differences of the central government's involvements in these two city-regions do not entirely account for the growth gap between Tokyo and Osaka. Globalization has been amplifying the economic structural differences between the two metropolitan economies. Kamo (2000) contrasts Tokyo and Osaka by using a two dimensional model of globalization, including the global competitiveness measured by industrial product transactions and by financial transactions. According to these measurements, Tokyo has both the better-constructed industrial and financial structures than Osaka. This naturally means that Tokyo has the capacity to successfully compete in the global marketplace whereas Osaka will have much harder time. With only two and half hours away by the bullet trains, the global economic networks would easily place Osaka under Tokyo's massive economic infrastructure. This is an important factor to explain recent growth difference between the two urban economies although the central government policies have affected the development patterns through policies and investments they implemented in the earlier years. Just two examples of such earlier policies are the location of industrial association headquarters and mass media regulations (Sakaiya 1992). Publicly directed industrial developments were central to the state economic policies and to the central ministries. In this policy, one of the many regulations the central bureaucrats laid down was to have the headquarters of various industrial associations located in Tokyo to direct and regulate the industries. This caused many businesses to relocate their headquarters to Tokyo. Similarly, the central bureaucracy supervises broadcasting and publication industries. The regulations stipulate

that only broadcast stations based in Tokyo can make programming for the nation-wide broadcasting. Similarly, publications that will be sold across prefecture borders are regulated to use Tokyo-based distribution companies to make the cross-border shipping regardless of the original publication prefectures. This required unnecessary transshipment for local publishers and caused virtual disappearance except for those in Tokyo (Sakaiya 1992). In this way, Japanese central government has had a diverse range impacts to assist the development of Tokyo at the cost of other areas (Fujimoto 1992), notably at the cost of the former largest economy Osaka (Hill and Fujita 1995).

Yet, local governments can respond. Osaka has been making efforts economically and politically. Economically, for example, Osaka's decline in status motivates the city to strengthen its ties with Chinese and Korean cities (Hill and Fujita 1998; Kamo 2000). Politically, regional development planning has been repeatedly tried in Osaka. For example, in the 1960s, the Council for Promoting the Development of Kinki⁵ (CPDK) was established. Kansai Economic Federation and Osaka Prefecture, backed by National Land Agency, produced a regionalism plan for the Kinki-Kansai area in the early 1980s. In 1987, the initiative resulted in an ambitious long-term regional development plan, the "Subaru Plan" with a planning body called, Creating New Kinki Committee. In 1998, the Kansai Economic Federation and other four economic associations (Osaka Chamber of Commerce, Kansai Economic Fraternity Association, Osaka Manufacturers Association, and Kansai Corporate Managers Council) created Kansai Council, combining the CPDK, the Subaru Plan Committee and other regional associations. The council is a region-wide public/private consortium, having a comprehensive research, planning, project-

⁵ "Kinki" is a name for a region including the major cities of Osaka, Kyoto and Kobe and their surrounding prefectures.

promotion, coordination and consensus-building functions (Kamo 1999). However, the outcomes of these initiatives have been mixed at best for various reasons, including within region rivalries: the two major metropolises in the region, Kobe City and Kyoto City insisted on their own interests while Osaka City and Osaka Prefecture failed to cooperate each other. Another adversary came from the post-bubble recession hitting hard on the Osaka area. Despite these setbacks, Osaka area's political and economic elites are set to continue attempting regionalism in response to the Tokyo-centered state economic developments described in the above sections. Having observed many Osaka-based business organizations moving their headquarters to Tokyo, leaders in Osaka are acutely aware of a zero-sum relationship existing between their economy and that of Tokyo (details will be added in Chapter VI). Thus, it can be argued that Osaka's regional development initiatives in fact reflect the central government's Tokyo-centered neoliberal economic development policies. They implicate the reactions of the remaining areas in Japan to the market-based Tokyo-centered state development.

These experiences of Japan's central development policy and local reactions can be reframed in reference to some of the theoretical perspectives reviewed in Chapter II. The latest Tokyo-oriented state developmentalism for global competitiveness fits the concepts of the new politics of scale and denationalization (Brenner 1999; 2000; Jessop 2000; MacLeod and Goodwin 1999; Swyngedouw 1997). The Japanese central government has essentially submitted to the market forces and the post-bubble economy aftermath to adopt neoliberalism for policy directions. The state is "deterritorializing" the national scale through devolution without comparable financial transfer while "reterritorializing" to make concentrated urban investments in Tokyo to compete in the

globalized economy. Meanwhile, actors in the Osaka/Kansai region have attempted regionalism to secure its economic status in response to the central government's new politics of scale as much as to the global economic competition. It is an example of the new localism in that local governments seek development opportunities in the changing intergovernmental relations under the global economy (Goetz and Clarke 1993; Clarke and Gaile 1998). Although strong regionalism is hard to come by because of competing local interests and ideological goals, out of this political struggle can emerge a new idea about locality political independence as locational "agency" (Cox and Mair 1991) for potential local state building as Keil (2003) claims. TMG and interest groups in Tokyo have in fact been active to press the central government for the political rescaling toward Tokyo-centered state building while the leaders of the rest, including the Osaka area campaign strongly for rescaling toward autonomy and fiscal independence while tacitly requiring a safety net of the national scale statehood. These political negotiations represent the "scale division of labor" and "politics of scale" Cox (2002a; 2002b) explains.

The quote by Hill and Fujita (2000, p686) at the very beginning of this chapter explains Japan's national solidarity in the international hierarchical competition. The historical accounts of economic development policies under the Japanese political system that follow the quote prove the point raised by Hill and Fujita. However, does their case still hold in the face of latest urban-oriented state rescaling and neoliberal devolution explained in this chapter? The hierarchically nested nature of Japanese society between the national, regional/prefecture, and local/municipal appear in transition. The structure of the nests and the pattern of integration between them appear changing. In fact, Hill and

Fujita (1995) themselves see potentials for disintegration in the national class solidarity as a result of Tokyo-centered state developmentalism. Osakans generally agree that their opinion, “Tokyo’s functional primacy is the spatial creature of Japan’s developmental state” (Hill and Fujita 1995, p191) whereas, in the capital region:

Tokyo’s administrative and fiscal power sets Kanto’s⁶ political culture and state/economy relations off from outlying regions. Because they live in the capital, Tokyoites extend their identification with their locality to the nation as a whole. People living elsewhere in Japan have more distinct regional identities (Hill and Fujita 1995, p191).

The above brief comparison between Tokyo and Osaka in this section indicates that a comparative investigation of these two Japanese world cities and their relations to the central government can provide important about the changing nature of political economy and scale division of labor in Japan under globalization. Given this, now this study will turn to detailed analyses of local politics and regionalism in Tokyo and Osaka in the following chapters towards this goal.

⁶ Kanto is the name of region including Tokyo and its neighboring areas. It is the counter part of Kansai.

CHAPTER V

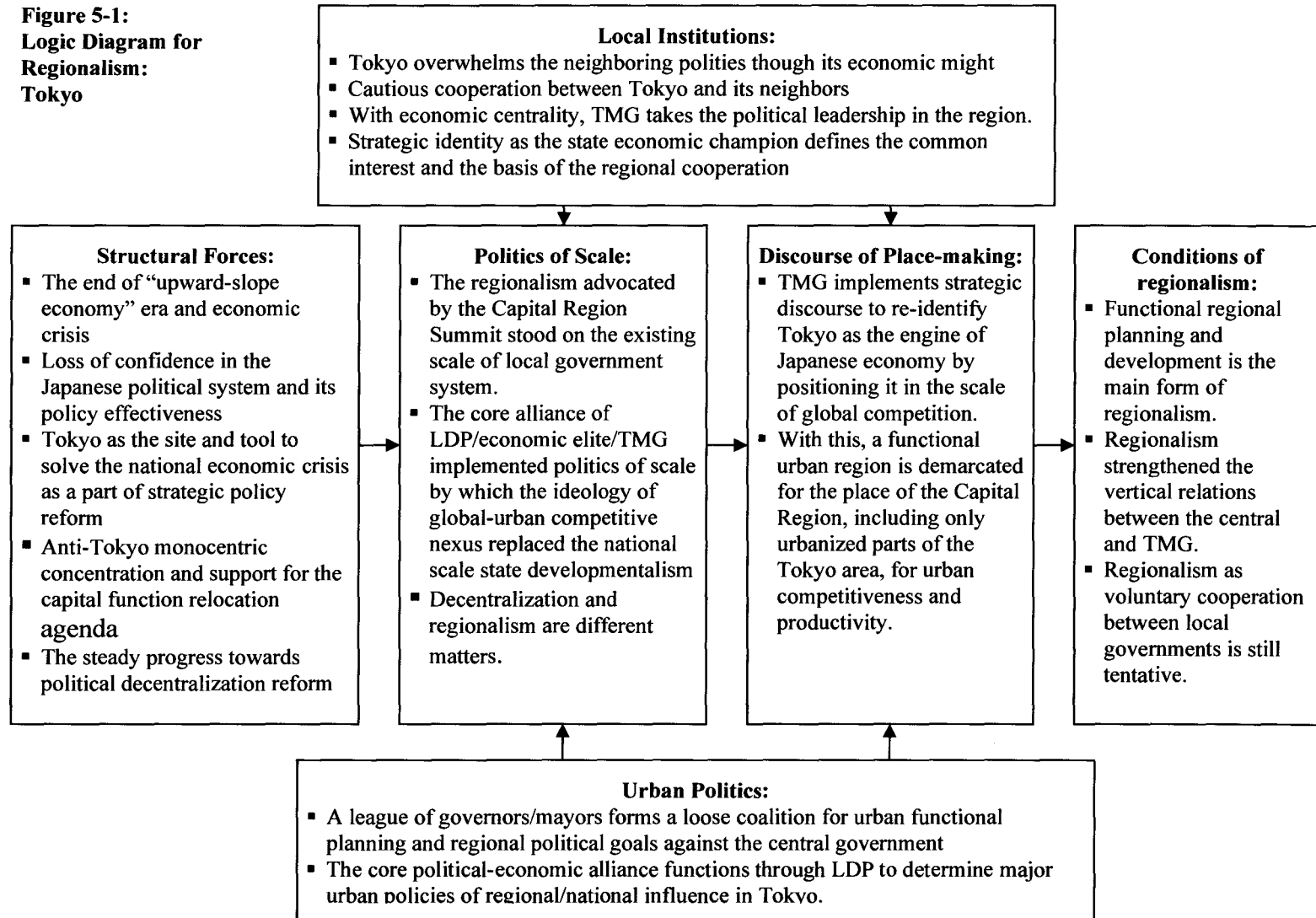
REGIONALISM IN TOKYO: CUTTING OUT THE “CAPITAL REGION”

Overview

This chapter analyzes the nature of regionalism in the Tokyo area by following the format of the logic diagram explained in the methodology chapter. This includes the deconstruction of the process of regionalism development in the capital region⁷ by the open coding categories: structural forces, local institutions, urban politics, politics of scale, discourse of place-making and conditions of regionalism. As a summary, the following Figure 5-1 depicts the result of these analyses. The interpretation of this diagram will be made as the story of regionalism in Tokyo at the end of this chapter.

⁷ Capital region includes a combination of TMG, Chiba Prefecture, Kanagawa Prefecture, Saitama Prefecture. This region contains major cities such as Yokohama, Kawasaki, Saitama and Chiba. Both the capital region and the Tokyo area/region are used interchangeably in this paper.

**Figure 5-1:
Logic Diagram for
Regionalism:
Tokyo**



Conditions of Regionalism in Tokyo

Tokyo dominates neighboring local governments in the Tokyo region. This fact influences the nature of regionalism in this area. It is not so much Tokyo muscles agreements from its neighboring governments as its policies have regional significance whereby the neighbors are better off if they opportunistically accommodate Tokyo's intentions. With this domination, TMG politically pursues the statuses of Japan's economic engine and world city in the global marketplace. Regional planning is essential for the twin ambitions, requiring cooperation of the central government as well as from its neighbors. TMG manages to get both.

Two kinds of regionalism exist in the Tokyo area. These two are formulated by two different political arenas and two different coalitions of elites: a league of local government leaders and the ruling Liberal Democratic Party. In both arenas, TMG stands at the crossroad of economic capacity and political power. From this driving seat, TMG successfully establishes strategic connections between Tokyo's regional urban redevelopment and the revitalization of depressed Japanese economy. The means is a politics of scale. TMG convinces the central government as well as neighboring local governments to accept that Tokyo holds the key to the economic fate of entire Japanese state in the global competition. By dubbing the economic scale of urban Tokyo onto the scale of state political economy, TMG argued, the central and neighboring local governments must cooperate to implement regional urban revitalization in Tokyo. TMG's strategic regional development plan – the Capital Region Megalopolis Plan manifests this development strategy. Regionalism in Tokyo is based on the functional needs of competitive world city Tokyo but includes politically-motivated objectives: the

postponement of the capital relocation plan and denationalization of Japanese state towards urban-oriented state development.

Structural Forces

As Chapter IV told, Japan has been going through an economically and politically turbulent period since early 1990s. This is a period in which Japanese elites feel large structural changes took place (from interview). The fundamental of the turbulence is the national economic crisis. The post-bubble economy recession through the 1990s shocked Japan socially as well as economically. The country experienced a long and deep economic downturn during this period. An expression, “the demise of the upward-slope economy” has become a ubiquitous expression since this period to describe people’s realization that the economic growth taken for granted in the national psyche for four decades since the 1950s ended. This popular expression in fact includes an interpretation of the effects of globalization on Japanese economy. “Globalization” is also frequently used in Japan but it does not have much immediate meanings to many Japanese except for the sense of extensive connection across the world (from interview). The negative connotations of the term “globalization” popular in the West appear to be subsumed in “the demise of the upward-slope economy” in Japan. But by calling it “demise” of its own economy, the Japanese popularly seem to interpret the economic recession as if a fate, rather than the failure of policies or the result of economic competition. To prove their historic-fatal view of the event, they often describe the current economic condition as “the advent of the mature economy era.” On the other hand, the criticisms towards the banking and real estate sectors for the recession were strong, reflected on the term, the

“bubble economy,” which appears more strongly linked to the-1990s recession than globalization. Tokyo was the symbol of this bubble economy. The overly-inflated and subsequently plummeted land price became the structural constraints for Tokyo’s economic health. Tokyo’s land price crash caused not only many business bankruptcies but it also threatened financial crisis. Strapped with bad loans collateralized with valueless lands, banks in Tokyo, many of which were major national, themselves faced bankruptcy threats with their balancing sheets counting the collateral lands at before-the-crash values (Refer to Chapter IV).

The second structural force is the loss of confidence in the centralized Japanese political system and the sense of urgency for reform. As Chapter IV describes, the Obuchi Administration still relied on the traditional, centrally managed public investments on the basis of even national development to stimulate the economy during the 1990s recession. However, the massive public spending on public projects across the entire nation repeatedly failed, causing severe strain on the national fiscal health. A former central ministry bureaucrat describes, “They (the central policy makers) now do not know what to do. The centralized planning and command system does not work any more. The kinds of plans and policies the central bureaus can do have all been tried” (from interview).

Under this condition, the Economic Strategy Conference – an ad-hoc cabinet taskforce – was convened in the late 1990s to discuss the strategy to counter the national economic crisis (refer to Chapter IV). This is the third structural condition surrounding Tokyo. The recommendations from this committee were concentrated on urban developments in the Tokyo area because this would solve a major cause of the economic crisis: the land price depression. The recommendations from this committee had

extensive implications to the regionalism in the capital area. However, there was a formidable political obstacle to implement this plan. This is the fourth structural condition. The capital function relocation from Tokyo to another place had been a political agenda with supporting promotional laws since the 1980s. This was the time people blamed the Tokyo monocentric concentration as the consequence as well as the cause of various economic and social problems in the Japanese political system. As a solution, many leaders agreed that the political functions of Tokyo as the national capital must be detached from Tokyo's economic concentration to defuse the concentration and break Japan's corrupt oligarchic and clientalistic political culture (Refer to Chapter IV). The capital function relocation plan was still moving forward during the 1990s despite the economic recession partly because the decentralized political system was expected to invigorate the economy and solve the severe economic stagnation. This was, on the other hand, a serious structural threat to TMG and its local neighboring governments.

The last conditional factor structurally affecting Tokyo was the political decentralization reform. It has been a major political issue since early 1990s, culminating in the passage of a historic local government reform bill in 1999 to devolve administrative authority to local governments. The need for political decentralization had also been voiced during the bubble boom of the 1980s. After the economic failure, however, the consensus on the limits of the Japanese centralized political system and the need for decentralized decision-making structure intensified. A local government bureaucrat in the capital region explains, "Current decentralization movement is a part of necessary government reforms after the end of upward-slope economy...the sense of

crisis after the end of the upward-slope era made the political leaders realize the need for reform.”

These five structural forces contradict as well as reinforce one against another, making up the economic and political environmental conditions in which regionalism politics in the capital region was engineered. To summarize, the structural forces in the Tokyo area include:

- The end of “upward-slope economy” era and economic crisis
- Loss of confidence in the Japanese political system and its policy effectiveness
- Tokyo as the site and tool to solve the national economic crisis as a part of strategic policy reform
- Anti-Tokyo monocentric concentration and support for the capital function relocation agenda
- The steady progress towards political decentralization reform

Local Institutions

The institutional characteristics of the Tokyo area can be described as a cautious cooperation between an economic giant and its smaller neighbors. Actual population of TMG is not particularly overwhelming over others (Refer to Table 5-1). However, as described below, commuting patterns and psychological effects give Tokyo the dominance. Importantly, this is a consequence of Japanese political history to a substantial degree. For example, Tokyo has maintained a metropolitan form of government since 1943 when Tokyo City and Tokyo Prefecture were forced to merge as

a part of war efforts. No other Japanese metropolises have the same government structure. Since, Tokyo Metropolitan Government has had a special relation with the central government in the post-war growth era of Japanese political and economic history (Refer to Chapter IV).

Table 5-1

Capital Region Population by Prefectures		
Prefectures	Population	Proportion
Saitama Pref.	6,938,006	21%
Chiba Pref.	5,926,285	18%
Tokyo MG	12,064,101	36%
Kanagawa Pref.	8,489,974	25%
Total	33,418,366	100%

Major cities in Capital Region		
Cities	Population	Proportion
Saitama City	1,024,053	3%
Chiba City	887,164	3%
Yokohama City	3,426,651	10%
Kawasaki City	1,249,905	4%
Tokyo 23 Wards	8,134,688	24%

Source: The Statistics Bureau (Japan), based on the year 2000 census

The neighboring communities report the loss of their businesses or the increase in vacancy in their prime business districts in recent years (from interviews). This recent trend is known as the “returning to capital phenomenon” induced by the combination of declined rents and some new developments in Tokyo’s CBDs. The officials in the neighboring cities and prefectures agonize over the uncompetitiveness of the regional

cities against Tokyo's renewed CBDs. For instance, a neighboring city reports a current business tenant occupancy rate of approximately 60% – a substantial decline from the bubble economy era (from interview). In addition, potentially more alarming is the cultural dominance of the entire region by Tokyo. Many residents of the neighboring cities more strongly identify themselves with Tokyo to consider themselves Tokyo citizens. People's indifference to their own community is harmful for local political participation and community building, potentially undermining local independence against Tokyo (from interview). It would also be the case that more often than not many of those locally un-rooted citizens would not have lived in Tokyo's suburbs if there were not for Tokyo. In this way, Tokyo offers an opportunity for growth but at the same time present itself as a threat to the surrounding communities. On the other hand, since many of Tokyo's commuters live outside of its jurisdiction, TMG needs cooperation from the neighboring governments to serve for urban needs and plan for competitiveness.

TMG and its neighboring governments do cooperate to solve common issues across the region. The cooperation started as early as 1979 with TMG, Saitama Prefecture, Chiba Prefecture, Kanagawa Prefecture, Yokohama City and Kawasaki City as participants. Chiba City and Saitama City joined later to form the Eight Local Government Executive Conference to deal with regional planning and administration. However, consensus building in the groups has not been easy. A member official explains:

The more local governments try to solve their own problems, the more they realize they have to take a regional approach. People and problems are increasingly moving and expanding across boundaries. This view is shared by everyone. However, it is hard to come to consensus as to when we try to

determine what are the common regional problems and which should be solved first and how. The attitudes to problems vary depending on the specific conditions of each government.

Consequently, the issues the regional conference takes up for cooperative planning tend to be “something everyone can agree,” such as overall urban amenity and quality of urban life issues, including air pollution control and emergency preparedness. It does not embark on more ambitious agendas, such as economic development, urban development, and political integration. For example, when TMG introduced its regional urban development plan – the Capital Region Megalopolis Plan, the other members politely ignored, with attitudes including (from interviews), “We did not feel we have to support or oppose it” and “It was a unilaterally produced policy suggestion. So, we did not feel the need to discuss the potential of the plan.”

The expansion project of Haneda Airport highlights the division of interests and opportunistic alliance among the local governments in the capital region. To carry out the project, TMG, Yokohama City and Kawasaki City made an ad-hoc coalition to convince the central government while Chiba Prefecture adamantly opposed it. In addition to the noise pollution the increased usage of Haneda Airport would cause to Chiba Prefecture, the prefecture hosts the Narita International Airport. The Narita International Airport was the site of intense and prolonged political struggles between the central government and citizen groups. Local farmers and radical student groups bitterly and sometimes violently protested against the land expropriation forced through by the central government to construct the airport during the 1970s. This struggle still remains in many of Chiba

citizens (from interview). In addition, Chiba Prefecture has still strong agricultural interests, which are threatened by Tokyo's urban growth needs. After the experience of Narita, Chiba Prefecture is very wary about urbanization (from interview). The similar concerns exist in the other two prefectures of the capital region, Saitama and Kanagawa, although the intensity may vary.

Nevertheless, Tokyo's existence as the economic giant in the region is clear to all. The smaller governments of the region often could not afford to disagree on Tokyo's regional development plans, for doing so can jeopardize their source of economic growth. Particularly, local disagreements can give credit to the supporters of the capital function relocation agenda and reduce the chance to receive urban revitalization investments from the central government. To prove, these two subjects were only the few major issues unanimously agreed the Eight Local Government Executive Conference members. A non-TMG government official in the capital region testifies:

The most important common interest among the eight local governments is the fact that the capital region is the center of political and economic activities in this country. And it is a single metropolitan area. The common goal in the region is to maintain the capital region attractive and competitive. Also it is to oppose to the capital function relocation agenda

In the "Resolution to Appeal for the Capital Region Regeneration" adopted after the Capital Region Summit in 2002, the member leaders express:

The capital region with its thirty-three million population is the greatest metropolitan region in the world, whose GDP equals to that of the United Kingdom or France. As such, it has been contributing to the development of this

country as the political and economic center. Nevertheless, the Diet is still discussing the capital function relocation agenda – the negative legacy from the bubble economy era policies. To regenerate Japan, what we need to do now is not the capital function relocation, which has already lost its meanings, but the revitalization of the capital region that generates Japan’s vitality with its advanced central functional system” (TMG 2002)

This statement is in fact practically a reproduction of Governor Ishihara’s preamble statement in TMG’s Capital Region Megalopolis Plan. That is, the capital region leaders endorsed the political stance and regional development plans of TMG. Under current precarious economy and capital relocation policies, it appears that the local governments in the Tokyo area cannot help cooperating as the Capital Region and project it as the economic engine of the state even if risking Tokyo’s economic, political and cultural dominance. The identity projected as the state economic champion defines the common interest and the basis of the regional relations among the Tokyo area’s local governments who are otherwise jealously defensive about their own interests.

To summarize, local institutional conditions of the Tokyo area include:

- Tokyo overwhelms the neighboring polities though its economic might
- Cautious cooperation between Tokyo and its neighbors
- With economic centrality, TMG takes the political leadership in the region.
- Strategic identity as the state economic champion defines the common interest and the basis of the regional cooperation

Urban Politics

Discussions of regional development and governance have been taking place mainly in two spheres of political activities in the Tokyo area. The first is the cooperation between the leaders of the local governments as touched upon in the above section. The Eight Local Government Executive Conference (a.k.a. the Capital Region Summit), inaugurated in 1979⁸, is a forum among the leaders of the eight major local governments considered constituting the “Capital Region” of Japan. It states its objective as follows:

The governors and mayors of the eight local governments proactively contend with regional issues in cooperation from the long-term perspective in order to improve overall human living conditions by taking advantage of the great regional energy commonly possessed by the local governments (Tokyo Metropolitan Government: Head Quarters of the Governor of Tokyo (TMG HGT) 2004)

There are four functional bureaus in the summit, including: the Policy Making Executive Committee, the Waste Material Problem Committee, the Environmental Problem Committee, and the Emergency Preparedness Committee. The latter three committees fundamentally operate to maintain urban quality of life while the policy making committee focuses on policy side of the capital region, such as capital functions and decentralization (TMG HGT 2004). Political decentralization became an agenda in the summit for the first time in 1996 while the capital function relocation appeared in the summit agenda in 1999 (40th) meeting. Since 1999, these two matters have been

⁸ Originally it was made up of six local government executives.

frequently discussed in the summit, shifting the nature of the conference towards political. The member officials express:

In the past couple of years, many mayors and governors in the capital region changed. They are more proactive towards the summit and expect more from it in terms of objectives and actual policy making. They intend to use it as a forum through which they voice their opinions to the central government.

We have now new leaders after recent elections. They are more aware of the need for regional governance. They are more conscious about the (political) use of the Capital Region Summit.

Political overtone can be noticed in the resolutions the summit passed in recent years, including the opposition to the capital function relocation agenda in 2000, the resolution on the capital region regeneration investments in 2002, the demand for decentralization and the capital region's fiscal sufficiency in 2003, and the warning to the national government for neglecting fiscal decentralization consideration in 2004 (TMG HGT 2005). As the political color increases, ties as coalition strengthen. Yet, despite this new direction, the maintenance of urban quality of life remains the major function of the summit. The bureaucrats of the member governments produce most results in this area (interview). The leaders use the summit for regional planning on, for example, air pollution control, industrial waste disposal, emergency preparedness and greenery preservation.

The other arena for regional policy making in Tokyo is less overt. A tight alliance appears to exist though a politically party structure. The ruling Liberal Democratic Party

(LDP) has been functioning as the arena in which Tokyo's regional development policies were taking concrete shapes. A group of core members in the central government, TMG and powerful real estate interest of Tokyo are connected through this political party network. The most critical political issue for Tokyo and its neighbors was the capital function relocation agenda – TMG has intensified its opposition since 1999 and the neighboring governments echoed in the year 2000 Capital Region Summit. The decision to avert this plan was confirmed within LDP by some of its political elites in the same year (Refer to Chapter IV: Urban Consequences of the Reforms). The prominent actor among them was the governor of TMG, Shintaro Ishihara.

Shintaro Ishihara has been a prominent, long-term LDP member and national political player, having experienced a multiple-term house membership and two different ministerial positions. Ishihara spearheaded TMG's opposition to the capital function relocation agenda and played the central role to have the central government implement the capital region's urban revitalization projects as soon as he was sworn in to the office in 1999. The proposed urban revitalization projects materialized through the Urban Renaissance Headquarters (URH), which was established within the Cabinet Office in 2001. The urban revitalization projects included circular perimeter bypasses, Haneda Airport expansion and improved access to Narita International Airport. These projects faithfully followed the '5-Year 10-Trillion-Yen Capital Region Project' plan TMG produced in 2001. According to a knowledgeable individual, the plan had been passed to other senior LDP leaders with whom Ishihara had strong ties to use it as URH's action plan. The implementation of urban revitalization projects in Tokyo by URH was also in accordance with the recommendations made by the Prime Minister's special task force,

the Economic Strategy Conference in the late 1990s (refer to Chapter IV: Urban Consequences of the Reforms). Researchers Igarashi and Ogawa (2003, p149: translated by author from Japanese) determine, “TMG, which Governor Ishihara commands, planed in advance the urban redevelopment projects that the Urban Renaissance Headquarters would select and TMG and the Headquarters implemented the projects as a team.” In addressing to the TMG assembly in 2001, the governor himself reports his role:

TMG has repeatedly been urging the national government to include the regeneration of the capital region as the most prioritized national project...TMG’s aggressive actions resulted in the national government’s decisions to establish the Urban Renaissance Headquarters and the projects it is going to choose. It was also confirmed during a meeting the other day in which the minister of the Ministry of Land, Infrastructure and Transport Government and I reached a firm agreement. I believe the decision on the national second projects including the expansion of Haneda Airport and the development of the three circular highways will make a large contribution to the future national interest of this country (TMG OOG 2001 9/19: translated from Japanese by author).

Igarashi and Ogawa (2003) also identify the connection between TMG/LDP and Tokyo’s powerful real estate/construction interests. The two researchers report that senior leaders of real estate and construction industries cooperated with TMG to press the central government to accept TMG’s urban revitalization plan as the central government urban plan. These industry leaders also influenced the policy recommendations for Tokyo’s revitalization concluded in the Economic Strategy Conference (Igarashi and Ogawa

2003) (Refer to Chapter IV: Urban Consequences of the Reforms). Finally, it was Nippon Keidanren, Japan's most powerful economic organization and a long-term ally of LDP, in which these construction and real estate industry leaders served as senior members, who prodded the Obushi Administration to shift from the traditional even national development to urban-oriented state development (Igarashi and Ogawa 2003) (Refer to Chapter IV: Urban Consequences of the Reforms). These evidences confirm the existing of core political alliance through the LDP network that practically made decisions about regional development in the Tokyo area, with Governor Ishihara as one of the central figures.

Tellingly, TMG's urban revitalization plans were never seriously discussed in the venue of the Capital Region Summit as mentioned in the above *Local Institutions* section. The Megalopolis plan (TMG's regional development plan) was suggested at the capital region summit when Tokyo hosted it in 2002 but it was never followed up. Non-TMG Capital Region Summit member officials typically evaluated the plan with conspicuous disinterest, including, "We did not evaluate the Megalopolis plan because it privileges central Tokyo" and "it was a plan made by Tokyo for its own use" (from interviews). From this, we can conclude that the league of summit leaders and the core political alliance are two separate groups. The LDP was the main political arena in which the more influential political alliance interacted to determine the future of regional urban development in Tokyo and the fate of the capital function relocation agenda. The Capital Region Summit has mainly been an arena for the urban quality maintenance and was strategically used by TMG to make a case to establish its centrality in the Japanese state and to the other capital region members.

To summarize, the conditions of urban politics of the Tokyo area include:

- A league of governors/mayors forms a loose coalition for urban functional planning and regional political goals against the central government
- The core political-economic alliance functions through LDP to determine major urban policies of regional/national influence in Tokyo.

Politics of Scale

Scale nests. Taking Japan as an example, its scales range from the national, regional, prefecture, metropolitan, municipal, neighborhood and to household. Politics determines which scale becomes dominant and which are subservient. According to Cox and Mair (1991), a location becomes agency provided with political identity. “Scalar expressions” are important parts of this process. Locational political bodies play politics of scale in which they attempt to align their territorial interests with scalar political authorities to secure their interests by establishing the hegemonic scale (Cox 2002a). In Tokyo, as identified in the above *Urban Politics* section, two locational agencies function to affect scalar structure: the Capital Region Summit and the core alliance for Tokyo’s urban revitalization. This section reviews the politics of scale each political interest implement.

The underlying concept of the Eight Local Government Executive Conference (the Capital Region Summit) is cooperation among equal partners to:

- solve problems that need a regional approach and to find problems that can be solved more efficiently with a regional approach (and to) seek regional solutions

to the problems already each government has been dealing with but can expect better results from regional cooperation (from interview).

As such, the summit fundamentally confirms the existing political structures and authorities, for “it is not an attempt to do something new as a larger local government body” (from interview). This orientation to status quo can be also found in the rules of the summit. For example, the members take turns to host the conference so that members have equal opportunities to raise matters as the summit agendas. It is tacitly agreed that the summit takes up only subject matters that can be “unanimously agreed.” Matters that would create unequal distribution of benefits to members such as economic development have not been discussed in this arena. The members say, “The summit is for administrative purpose only.”

The summit does discuss political matters when it benefits all members. Political decentralization and retention of the capital/capital region revitalization by the central government are subjects the leaders have discussed in the summit. For the decentralization objective, the members jointly demanded increased political and fiscal autonomy to challenge the existing center-local political structure. For the call for capital region reinvestment, they identified themselves as a region of economic importance to the entire state. However, as the *Urban Politics* section described, their actual bonding as a region was weak. As for the decentralization demand, they made joint appeal to the central government but it did not mean they would form autonomous regional political body. As the premise of the Capital Region Summit stipulates, current administrative boundaries among the member local governments are expected intact. The members express:

Regional approach has been implemented but structural reform takes much longer time. Decentralization can be and should be pushed forward under the current system. Decentralization and regionalism are different matters.

Decentralization and regionalization are not necessarily the two sides of the same coin. Regionalism would be more difficult in a way that each local government have stronger self-interests and responsibility in maintaining its benefits and polity.

The governor of Kanagawa once called for a discussion to form a federal type of regional government in the capital region earlier in 2004 but it was met with little response from the other summit members (from interview). In the Tokyo area, regional redevelopment and local decentralization are separate matters. Nor do they mean regionalism political integration. The interests of member governments exist in the maintenance of existing scales of local government system.

The second locational political body is the alliance of core LDP, economic interests and TMG members. Their spatial interest consists of Tokyo's regional revitalization implemented by the central government. As the next *Discourse of Place-making* section details, TMG believes regional revitalization crucial for the global competitiveness of Tokyo. Under this premise, they implement politics of scale to redefine territorial power attached to existing scale structure. The core coalition's spatial interests are translated into two scalar political goals. The first goal is the scale of global economic competition to be recognized. By establishing this macro scale competitive order, they can emphasize the strategic importance to develop a spatial core competence

at the most competitive location in Japanese. The second goal is the demarcation of core competence space in the Tokyo area. The rationale is to achieve the functional efficiency to compete in the global scale economy. The functionally defined urban scale encourages regarding of an urbanized area as the space of economic activities and the means of global competition. In this conjecture, the two goals work to reorganize the authority structure folded in the nested scale of Japanese state system. Rhetorical claim of global scale justifies the making of an urban region in the Tokyo area with most efficient economic/urban functional spatial design. Also, decided by the scale of urban productivity, the competitiveness of the new capital region in the Tokyo area justifies central government supports with a promise that it will give the state the much needed edge in the global competition. At the same time, the same scale arguments indicate that investments in other areas than the core competence region will harm the state by wastefully using central resources. In effect, through this politics of scale, the core political/economic alliance surrounding Tokyo's revitalization has been replacing the national scale of state development with the neoliberal urban-scale of state development interest supported by the core Tokyo-based coalition. The next section investigates the politics of scale implemented by the core alliance. It will analyze their discourse of place-making by focusing on the central figure of the alliance, Governor Ishihara.

The summary of politics of scale in the capital region includes:

- The regionalism advocated by the Capital Region Summit did not seek rescaling of political structure and stood on the existing scale of local government system.

- The core alliance of LDP/economic elite/TMG implemented politics of scale by which the ideology of global-urban competitive nexus replaced the national scale state developmentalism
- Decentralization and regionalism are different matters.

Discourse of Place-making

Discourse of place making consists of positioning of location by giving it place identity and a new scalar framework. “Placing,” “ordering,” and “naming” of the physical arrangement of a place implement these processes (refer to Chapter II: Identity, Positioning and Place Making from Below). With this discourse of place-making, politics of scale completes. In the case of Tokyo, Tokyo’s national champion identity becomes meaningful only positioned in the global competitive scale. According to this positioning, the place of urban functions will be placed and ordered in the Tokyo area.

The first public discussion giving birth to the regional development concept in the capital region emerged during the Economic Strategy Conference (ESC) held between 1998 and 1999. The report from this prime minister-appointed ad-hoc committee (ESC 1999) recommended concentrated urban redevelopment as a part of its economic revitalization strategy. This recommendation resulted in the creation of the Urban Renaissance Headquarters (URH). The above *Political Arena* section described the central role of TMG and its governor Ishihara in these political developments. It is the political discourse engaged by Ishihara that ascertained a new scale division of labor in Japan to discredit the capital region relocation agenda and materialized his state-sponsored functional regional revitalization plan in Tokyo. The following is the contents of his politics of scale and discourse of place-making.

A knowledgeable person comments of Governor Ishihara, “He has the political perspective for the entire state (not only for TMG). His tenure started to manage the capital function (of the state of Japan) in the Tokyo area, not to manage the metropolis Tokyo” (from interview). Ishihara appears to have had a clear idea about a new scalar division of labor in Japan even before he became the governor of TMG. His idea about the global scale competition and the importance of urban competitiveness for state interest is clear from the start of his governorship. After five months in his office, Ishihara clarifies this political perspective at the third regular Tokyo Metropolitan Assembly of 1999:

Today, it is most important for the prosperity and security of the nation and its cities that Japan and Tokyo maintain the global player status with substantial influence in the international society. Tokyo is the first global city born outside of the western world that includes New York, Paris and London. However, now it began competing against emerging Asian cities, such as, Singapore, Seoul, and Shanghai. If Tokyo lost its international competitiveness, it would mean a large decline of Japan’s international status as well as Tokyo’s reducing to a regional metropolis (TMG OOG 1999 9/14: translated from Japanese by author).

In this argument, Ishihara forcefully establishes the scale of global-urban nexus in which Tokyo exists as the champion of the Japanese state for her economic competitiveness. By establishing the importance of Tokyo’s economic status to the entire state, Ishihara attacks the capital relocation agenda:

The choice our nation should make is not the relocation of the capital function that could lead to a large decline in the national wealth...but the regeneration of

Japan by building upon the potential of the megalopolis...with Tokyo as its core
(TMG OOG 1999 9/14: translated from Japanese by author).

His identification of Tokyo as the center of Japan positioned in the global marketplace does not solely rely on its current economic capability. He tries to make a case with its historic background as well:

 Tokyo has a four-hundred years of history as the capital of Japan since it opened as Edo. Since the second war, it has been the engine of our nation's "economic miracle" (TMG OOG 2000 9/19: translated from Japanese by author).

In this way, Ishihara connects the state of Japan and the metropolitan region surrounding Tokyo symbolically as well as economically to legitimize his vested interest in the redevelopment in Tokyo as the capital region. The presumed political legitimacy in this discourse is the "national interest" and the leadership based on the economic importance of Tokyo to the "nation" in the global market competition. However, what is included in his ideas of "nation" and "national interest" is not the same as the inclusiveness and even development the traditional Japanese political culture pursued for its nation building. In his very first address in TMG assembly in 1999, he reveals his attitude to the "national" interest:

 As the governor of our nation's Capital Tokyo, I renew my sense of duty and my resolution to change the Capital Tokyo to change Japan in order to defeat the depression prevailing in the era" (TMG OOG 1999 5/10: translated from Japanese by author).

The slogan, “Change Japan from Tokyo” is repeated in many occasions by Ishihara to assert his ideology of urban-global nexus for “national” global competitiveness. With this conviction, Ishihara laid out the condition for the capital region urban revitalization (from interview). They include, firstly, the national government has to reinvest in Tokyo to improve its urban functions and amenities. Secondly, a regional approach must be taken to improve urban functionality of Tokyo. Lastly, the functionality of Tokyo/the capital region should be not be constrained by the boundaries of the existing local government structure. These conditions clarify that Ishihara’s regionalism targets functional improvements for economic development and global competitiveness: the scale of urban functionality determines the urban region and what are included and excluded in this space.

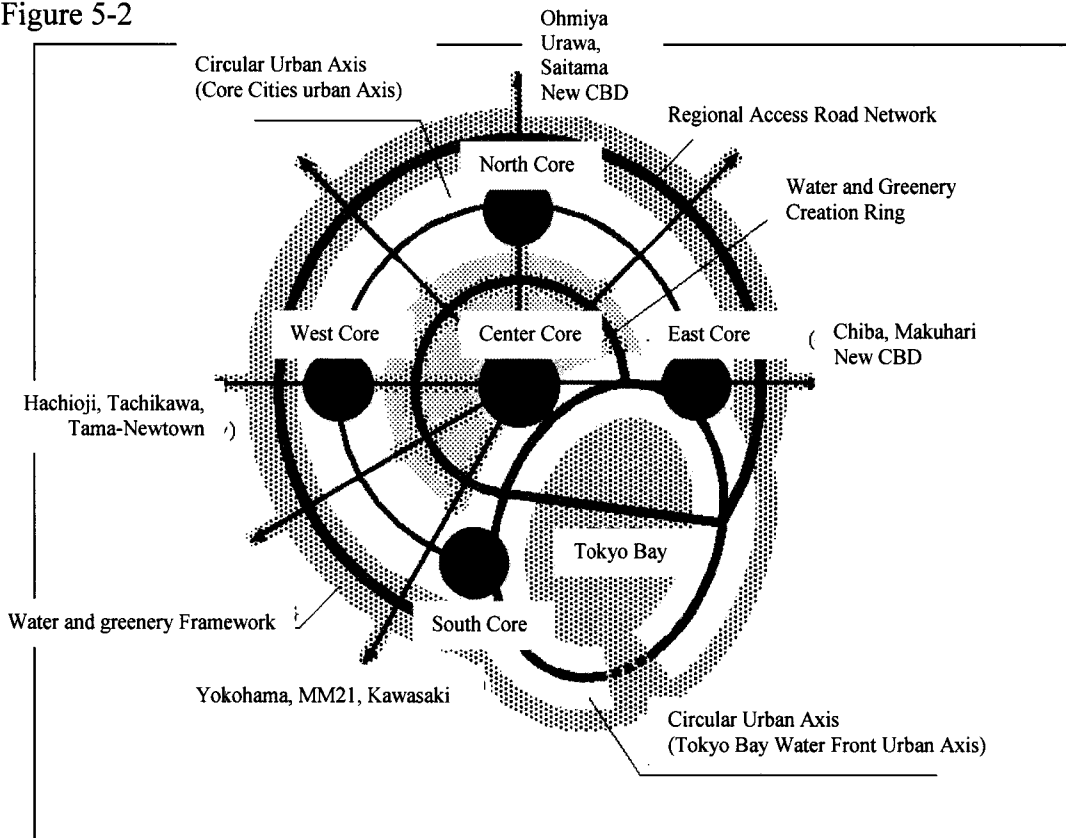
TMG translated these urban concepts into a land use/urban development plan, which the central government used to implement the capital region revitalization as described in the *Political Arenas* section. The Capital Region Megalopolis Plan is the most comprehensive version of a series of Ishihara’s regional plans. As such, these plans internalize Ishihara’s scalar division of labor and function as apparatuses to formulate “knowledge” as a part of his politics of scale. The following section deconstructs the nature of regionalism discourse posited in TMG’s regionalism plans.

The Capital Region Megalopolis Plan

The Capital Region Megalopolis Plan (TMG BUD 2001) was a brainchild of the Ishihara TMG administration published in April 2001 (Interview). It has a subtitle: the image of the capital in the twenty-first century and the strategy to build the regional

territory.” This document is fundamentally a combination of land use and transportation plans, identifying concentric zones centering Tokyo’s CBD as its core and a major circular bypass, the Mid-capital Territory Road (the “Regional Access Road Network in Figure 5-2) as its perimeter. This perimeter bypass cuts off outer regions of Tokyo’s neighboring prefectures as urban boundaries. In this way, the “capital region” defined by this plan disregards the existing administrative structures of local governments in the Tokyo area to improve Tokyo’s capital functions and its urban amenities.

Figure 5-2



From The Capital Region Megalopolis Plan (TMG BUD 2001): translation by Author

In the Capital Region Megalopolis Plan, Ishihara repeats his thesis of Tokyo's centrality to Japan in terms of its population and economic power and the dire consequences of the capital relocation agenda. Then, he calls for his regional approach to rebuild competitiveness, install economic vitality and improve urban functions and living conditions in the capital. It emphasizes that the creation of the "regional space" as essential to invite the urban agglomeration effects as the engine of the "national" economy.

One of TMG's major concerns to achieve their urban goal is the traffic congestion. It is considered reducing the attractiveness and competitiveness of the city in the global market (Interview). The Megalopolis Plan features circular road connections (Refer to Figure 5-2) as the proposed solution to solve this "Tokyo Problems." It is interesting to note that in this interpretation of "Tokyo problems," the excessive over-concentration of political power and economic itself is not considered problem whereas, in general understanding of the "Tokyo Problems," the national polarization arising from the power/wealth concentration in Tokyo is the "Tokyo Problems." This proposal for the circular road connections represents how TMG tries to "place" the regional space in the Tokyo area. The roads not only symbolize the boundaries of the Tokyo world city-region, which cut off rural areas of Chiba Prefectures, Saitama Prefectures and Kanagawa Prefectures. But also the "ordering" of the territorial authority and physical planning priority in the region. Finally, the name, the "Capital Region Megalopolis" reinforces the centrality of the area to Japan and the new regional space unconnected to the existing administrative local government boundaries while the grand name "Megalopolis" tries to inspire planning towards the top-tier world city.

The circular roads connect the sub-core CBDs of the region (North Core - Ohmiya in Saitama Prefecture, South Core - Yokohama/Kawasaki in Kanagawa Prefecture, East Core - Chiba City in Chiba Prefecture, and West Core – Hachiohji in TMG) (Refer to Figure 5-2). This would reduce the congestions and concomitant air pollution caused by the traffic currently passing across the central Tokyo, for example, from the west side to the east (from interview). However, except for the West Core of Hachiohji, these sub-core cities are outside the jurisdiction of TMG. Thus, TMG cannot make plans for these areas. From TMG’s point of view, this plan was “a suggestion to the neighboring governments to start thinking regionally and implement cooperation from the issues which can be better governed with a regional approach” (from interview). As quoted earlier, the neighboring governments did not look at the plan from the same point of view (refer to *Urban Politics* section) but that did not make much difference. As discussed in the above *Urban Politics* section, Ishihara and TMG did make the circular bypass plan and pushed it to the central government’s the Urban Renaissance Headquarters for adoption as the state urban plan. Plans are instruments in this TMG’s regional planning to set the physical and authority order of the Tokyo world city-region, in which the improvement of urban functionality in the central Tokyo has the top priority.

Another main pillar of the Megalopolis Plan to improve its urban function and competitiveness is the development of better air transportation access to the capital region. The Megalopolis Plan offers a solution to this issue by suggesting an expansion of Haneda Airport so that it can accommodate international flights. Currently, the Narita International Airport is the region’s gateway for international flights. This expansion plan to Haneda Airport is a contentious proposition included as explained in the above *Local*

Institutions section. However, from the conclusion, the plan has reached an agreement for implementation between the central government and the coalition of TMG, Yokohama City and Kawasaki City – the primary beneficiaries from the project. This deal even involved a demand for the return of American-occupied Yokota Base, located in eastern Tokyo, and its liberation for civilian use (from interview). The opening up of the base would not only give the capital region the third air traffic access but open up the air space inaccessible to Japanese civilian aircrafts. This latter possibility is important because the freeing of Yokota air space allows the decline of air traffic to and from Haneda Airport flying over Chiba Prefecture and acquiesce the continued opposition to the Haneda Airport expansion raised by Chiba Prefecture. The Yokota issues involved U.S.-Japan security treaty and Ishihara has sufficient political influence through the LDP connection to the senior national decision-makers, including the prime minister (from interview), to press forward his agenda about Yokota. The following are comments of the governor about Yokota Air Base issue at the TMG assembly:

The central government still has no idea about the meaning of airport to the maintenance of the national power and sovereignty...I have been demanding the expansion of the Haneda Airport in this context. This issue (the return/private use of the Yokota Air Base) is the same. I am convinced that the quick progress in this issue will benefit Tokyo and our nation. As the Ministry of Foreign Affairs will not negotiate with foreign countries properly in coming days, I will do the work by myself. I will pass that to the central government once the matter reaches a certain point...I hope the people in the central government...including the prime minister have a firm recognition about (the importance) of this issue (TMG 1999 2/27).

This statement demonstrates the political ordering Ishihara envisages in the capital region Megalopolis Plan. In his ideas, the development of competitiveness in the world city-region, Tokyo even takes precedence over the state authority. This, in turn, implies what kind of ideas he has when he talks about “national” interest.

TMG also have published three more planning documents in line with the Capital Region Megalopolis Plan since Ishihara took the governor’s seat in 1999. As a series of political manifestos, they can illustrate TMG’s place making strategies in the capital region. The first of such efforts was the “Strategic Plan to Overcome the Crisis: the first step towards the twenty-first century,” published in November 1999 (TMG HGT 1999). The key message of this plan was the sense of crisis: Tokyo, and therefore Japan, was in grave danger because of: 1) economic uncertainty – post-bubble economy woes and the loss of national confidence, 2) demographic changes (aging population and declining birth rate), 3) deteriorating quality of life in Tokyo (pollution, housing and traffic congestion, 4) competition in the global economy, and finally 5) the policy to move the capital from Tokyo. The main tenets of the circular megalopolis plan had appeared in this publication to attack the capital function relocation agenda, describing the concentration of national politics, economy and culture in Tokyo as the essential condition for the success of the entire nation as well as for Tokyo. The land-use and transportation plans of the Megalopolis plan also were also included here to solve TMG’s version of “Tokyo problems.” In fact, Igarashi and Ogawa (2003) claim that the basic plans existed since 1997 within TMG.

TMG’s second planning statement after the above was “The Tokyo Plan 2000: towards a world city that millions would visit” launched in December, 2000 (TMG HGT

2000). Its key theme was to make Tokyo a world city so vibrant and attractive that millions would like to come and live. This was the goal TMG imaged for Tokyo after “The Strategic Plan to Overcome the Crisis” to emphasize the importance of urban amenity and living conditions competing in the global marketplace. Actual plans in this document is consistent with the first plan with regional land-use and transportation planning but it also expands in details on the social and living condition issues such as environmental preservation, housing, childcare, healthcare, education and emergency preparedness. Again this plan asserts the leadership role of Tokyo to improve the nation but this time it states these objectives in the context of the need to change the Japanese policy and politics, including its life-time employment system, seniority system, the “convoy” system (centrally directed industrial policy in which business organizations are managed as a “convoy” for regulation and central support), and centralized political system. At the same time, it stresses the importance of local government autonomy and self-sufficiency. This document can be said a political vision statement of TMG as to how, as the state champion, TMG must change itself to change Japan.

The last of this series of the plans is the “Tokyo’s New Vision for Creating Metropolis: a roadmap for urban revitalization,” published in November, 2001 (TMG HGT 2001). As the one published after the Megalopolis plan, this adds details but more importantly it reemphasizes the strategic nature of the capital region revitalization to Japan as well as to Tokyo. Ishihara summarizes, “The most urgent task to revive Japan is the efforts by the central government to revitalize the capital region with Tokyo as its core” (TMG HGT 2001, no page number given). Thus, to restore the “national” economy and confidence, Ishihara argues that the state government must implement “the creation

of an attractive and lively global city sitting atop the world league” in Tokyo. Similar to the Megalopolis plan, TMG explains the need for a regional approach.

These documents along the Capital Region Megalopolis Plan show the discourse of place-making by TMG. Against the threat of losing the capital status, it identifies itself as the economic engine of the state and the central importance for the state economic recovery under the post-bubble recession. To further consolidate Tokyo’s economic status to the state, Tokyo is positioned against the scale of global competition. Having identified as the Japanese city competing in the global competition, TMG moves on to define the nature of place it has to become. The place of regional space is demarcated and the order of urban functionality is determined. The place must be the Capital Region, free from existing governmental structure to include only places contributing the Capital Region’s functionality. Competitiveness must become the urban order, including transportation and livability, to protect “national” interest in the global economy. This is the ideal of the Capital Region of Japan and what the name, Megalopolis should inspire.

To summarize, the discourse of place-making includes:

- TMG implements strategic discourse to re-identify Tokyo as the engine of Japanese economy by positioning it in the scale of global competition.
- With this identity and positioning, a functional urban region is demarcated for the place of the Capital Region, including only urbanized parts of the Tokyo area, for urban competitiveness and productivity.

Conditions of regionalism

Descriptions of the Tokyo area so far extended in this chapter indicate that the scope of regionalism in Tokyo is in fact limited. It is largely taking shape under the political ideology of “national” interest and Tokyo’s claim that it has the best capacity to defend the “national” interest. With these arguments, TMG produced regional urban plans, including the Capital Region Megalopolis Plan and persuaded the fellow members of the Capital Region Summit and the central government to make it as the basis for a state urban development plan for the Tokyo area. Lateral cooperation among the local governments in the capital region has been persistent but rather weak in observable achievements (interview). On the contrary, there was some ad-hoc bilateral cooperation as found in the case of Haneda Airport expansion, which can harm the regional integrity. Nevertheless, with regard to economic development, common interests of the local governments in the Tokyo area are not fragmented. A non-TMG local bureaucrat comments:

Under the international competition, it is important the capital region remains competitive by urban regeneration. The common goal in the capital region is to make and maintain the region attractive and competitive.

This indicates the attitude of non-TMG local governments towards a sort of wait-and-see for TMG’s policies and their regional impacts rather than actively making regional development planning. As far as the state capital function remains in Tokyo, it brings in state-endorsed power and economy to the region which benefit all. Vertical interrelation between the capital region and the central government has increased in this way despite

new national decentralization policies whereas the horizontal intergovernmental relation is still tentative and ambiguous.

The summary of the conditions of regionalism in the Tokyo area includes:

- Functional regional planning and development is the main form of regionalism in the Tokyo area
- Regionalism in the Tokyo area in fact strengthened the vertical relations between the central and TMG because of the strong impact of TMG and central government to the development of the region.
- Regionalism as voluntary cooperation between local governments does exist in the capital region but the horizontal intergovernmental relations to support it is still tentative.

The Story of Regionalism in Tokyo

With the discourse of global economy and competitiveness, and the reality of Japanese economic crisis, the core political power of the state, in which TMG is central, implements regional urban redevelopment in Tokyo for the “national” interest. Yet, neoliberal market principle and devolutionary denationalization characterize this “national” political ideology as opposed to the traditional Japanese national interest in which state supported the entire nation. With this, the core coalition considers Tokyo as the spatial means of state economic development in the globalized economy. From this perspective, the existing local government boundaries and their territorial sovereignty are obsolete or even detrimental to strong regional planning and coordination. TMG’s regional development plans that trespass the existing jurisdictions of neighboring

governments can hardly hide this frustration. Naturally, TMG approaches the central government for higher authority, planning power and finance in the region.

On the other hand, economic interest binds non-TMG local governments to TMG and lets the issue of their sovereignty against TMG stay ambiguous. As far as the functional regionalism of the Megalopolis plan produces economic returns, there is little incentive for them to strongly confront TMG's regional plans. One the once had, non-TMG local governments in the Tokyo area show the tendency of opportunistic cooperation with TMG. On the other, the Capital Region Summit continues to try some lateral cooperation. The end result appears that regionalism in its true sense is at equilibrium in the capital region. It does not have strong drive towards certain directions.

CHAPTER VI

REGIONALISM IN OSAKA: CAN KANSAI BECOME ONE, BY “ONE BY ONE?”

Overview

This research now turns to Osaka, the second Japanese world city-region to conduct case study following the same analytical format used for Tokyo. The following Figure 6-1 summarizes the findings. An interpretation of this logic diagram will be made as the story of regionalism in Osaka at the end of this chapter.

**Logic Diagram
for Regionalism:
Osaka**

Local Institutions:

- Rivalries and conflicts existing between the local governments
- Including physically diverse, large sections of rural areas along major metropolitan areas
- The business sector active in local governance and reform towards regionalism and decentralization
- Mistrust between the private and public sectors while acknowledging the need for cooperation

Structural Forces:

- Structural disadvantages vis-à-vis Tokyo
- Unfavorable intergovernmental relations with the central government is the cause and result of the structural disadvantages
- Globalization amplifies the structural disadvantages
- Osaka Prefecture suffers from particularly serious fiscal crisis

Politics of Scale:

- Private sector presses to break centralized nested scale system with regional local state because the current system economically favors Tokyo and disfavors Osaka
- This local economy-oriented regionalism stands on regional economic scale with centralized concentrate-and-command
- Public sector resists the economically oriented scale division of labor. Governors of Kyoto, Osaka and Hyogo try to pursue a public value-oriented regionalism to balance against

Discourse of Place-making:

- Private sector positions Kansai-*shu* as regional space to defend local competitiveness. They demand political decentralization and justify the “concentration and selection”
- Coalition of three governors seeks regional space to resist the competitive logic and defends community values. Decentralization and economic development are means to this end.
- Decentralization and regionalism complementary for economic development and political goals
- Leaders place “Kansai” in the local state scale having a horizontal relation to the central. Local identity and determination are part of regionalism

Conditions of regionalism:

- Regionalism considered a means for higher autonomy in the vertical intergovernmental relations towards a local state status.
- Horizontal intergovernmental relations making slow progress although limited to between three prefectures.
- Economic logic only does not progress regionalism. It requires political ideas

Urban Politics:

- The private sector and the public sector agrees on the demand for decentralization but cannot create strong coalition
- The private sector initiates regional inter-government/inter-sector organizations but face strong resistance from the public sector
- An alliance between the governors of the core prefectures, Osaka, Hyogo and Kyoto is firm, making slow and modest but steady actions for regional development.

Conditions of Regionalism in Osaka

Regionalism agenda has a long history in the Osaka area. Its leading economic organization, the Kansai⁹ Economic Federation has been pressing for regionalization of local governments since 1955. The business sector tries hard to pull the local governments in the region together for regional decision making and concerted investments. The leadership role of Osaka's business sector resulted in an innovative regional quasi-government organization, the Kansai Council (*Urban Politics* below details this organization). Yet, regionalism in Kansai proves to be very difficult. The harder the private leaders press the public sector for regional economic development, the stronger the ideological difference between the two sectors surface for mutual frustration. The economic pull towards enlarged regional capabilities meets the resistance of community values and public sector ideals. Also, a number of other conflicts of interest exist in the Osaka area. In addition to the mistrust between the private and public sectors, rivalries between local governments are strong, rural regions are alarmed by urban interests and cities are cautious about their prefectures' supervisions.

Nevertheless, the reality of economy is harshly felt in Osaka. Osaka area's regional economy has been declining relative to Tokyo, particularly since the 1980s. The negative effects of number two status in a strong centralized state system have intensified after globalization. Leaders are aware that they have to be independent from Tokyo's influence politically as well as economically to reverse the trend. Under this condition,

⁹ Kansai is a name of a region including Osaka but not an official term and often loosely used. Usually, it would include the prefectures of Osaka, Kyoto, Hyogo, Nara, Shiga and Wakayama. The Kansai Council adds Mie, Fukui and Tokushima to this list (refer to Table 6-1) for its membership. The term "Kansai Region" is not used as an administrative unit by any state public organizations. This contrasts to the "Capital Region." According a survey, Kansai means a much smaller area along the cities of Kyoto, Osaka and Kobe for many people's perceptions, particularly in the context of business and economy.

the governors of three leading prefectures cooperate with a potential for local state building. Regionalism in the Osaka area is contentious and in trouble. However, the combined needs of economic survival and sovereignty from central government policies nudge the local government leaders towards political rescaling from below.

Structural Forces

The economic problems of the 1990s affected Osaka as they did Tokyo but with different twists and turns. The “demise of the upward-slope economy” hit harder on Osaka than Tokyo. Local bureaucrats evaluate, “They (Tokyo) had recession after the bubble burst but their recovery speed and scale exceed other regions by large margins” and “Compared to Tokyo, Osaka’s economic decline is very large. The national level economic data show a recovery but not so in Kansai.” Structural causes explain the differences. Firstly, the economy in the Kansai area relied more heavily on the “old” industries, including steel industries, ship building and heavy manufacturing. The delayed transition to the high-technology industries made Osaka susceptible to the global competition. Secondly, Tokyo’s superior urban agglomeration economy became important for business organizations in Osaka to gain competitiveness under the economic recession. When Osaka’s businesses were trying to compete against their Tokyo rivals, they needed to move to Tokyo to neutralize their competitors’ locational advantages (from interview). Consequently, the number of headquarter functions moving from Osaka to Tokyo accelerated since the 1990s. Thirdly, the disadvantages of being the second economy in a centralized developmental state, in which Tokyo has been the growth pole of the nation (Refer to Tokyo and Osaka in Chapter IV), started to intensify.

For example, the central government's urban revitalization policy substantially favored its largest city, Tokyo over Osaka, the declining number two, as explained in Chapter IV and Chapter V. The globalization of economy underlies these three factors. It is the main cause of the "demise of the upward-slope economy;" it helped Tokyo's agglomeration, which many businesses in Osaka felt compelled to join; and the global competition was the rationale used for the state to re-concentrate in Tokyo for urban development. These structural forces conspired to inflict severe damages on Osaka as decisive disadvantages. The post-bubble recession and the hollowing out of business operations left Osaka with very serious fiscal problems. Prefectures mainly rely on corporate income tax for its revenue. Thus, all Japanese prefectures have fiscal problems during the current economic downturn. However, Osaka Prefecture is experiencing a particularly grim reality.

The compounded structural disadvantages to Osaka did not stop here. The worst headache comes from the large-scale development projects which Osaka City and Osaka Prefecture invested during the bubble economy era. The most prominent deficit-making project is the Kansai International Airport. Compared to the capital region's Narita International Airport, for which the central government financed the total cost as a national project, the Kansai International was financed by the "third sector" method— a public-private joint venture to finance public projects due to the central government's insistence. With the "third-sector" method, Kansai's local governments had to take high risk unlike similar projects in Tokyo. Unfortunately, the venture faced an unlucky turn of events. The Kansai International opened in 1994, after the Japanese economy went into the post-bubble recession, while Narita International Airport opened in 1978 – just before the economic hey days of the 1980s. The weakening Osaka's economy in the post bubble

era has seriously been damaging the Kansai International's commercial success. Such risk-taking was once a part of 'reasonable' public sector activities, which "ambitious urban governments were supposed to take up during the upward-slope economy era" (from interview). Osaka's slower growth relative to Tokyo had been a concern throughout the post-war economic growth era but, with unfortunate timing in the economic vagaries since the 1990s and accentuating global economic effects in the context of the Tokyo-oriented centralized Japanese political system, some alarm that Osaka's economic decline has reached the "absolute crisis" condition.

With this backdrop, decentralization reform and the capital function relocation have been a great interest for the local governments and the business sector of the Kansai region. Leaders in Kansai campaigned strongly to move forward these political changes for their advantages. However, not only has the capital relocation agenda ground to halt but the capital region started to receive renewed central policy attentions since the halt in 2000 (Refer to Urban Consequences of Reform in Chapter IV).

These are the structural forces, under which regionalism and political restructuring are debated in the Kansai region.

To summarize, the structural forces in the Osaka area are:

- Structural disadvantages exist in the Osaka area vis-à-vis Tokyo
- Its unfavorable intergovernmental relations with the central government vis-à-vis Tokyo is the cause and result of the structural disadvantages
- Globalization amplifies the structural disadvantages of the Osaka area
- Osaka Prefecture suffers from particularly serious fiscal crisis

Local Institutions

Variety characterizes the Osaka area. In contrast to the Tokyo area where Tokyo can represent the entire capital region, Osaka is only a player among others (from interview). In terms of size, Osaka Prefecture in fact has the same proportion of population to the Kansai region as that of TMG to the capital region. Despite this, Osaka does not overwhelm its neighbors as Tokyo does. This indicates the strengths of histories and identities of each area in Kansai. Its local governments are often said maintaining their uniqueness and characteristics for good or bad.

Table 6-1

Kansai Region Population by Prefectures		
Capital Region Prefectures	Population	Proportion to Regional Total
Shiga Pref.	1,342,832	6%
Kyoto Pref.	2,644,391	11%
Osaka Pref.	8,805,081	36%
Hyogo Pref.	5,550,574	23%
Nara Pref.	1,442,795	6%
Wakayama Pref.	1,069,912	4%
Fukui Pref.	828,944	3%
Mie Pref.	1,857,339	8%
Tokushima Pref.	824,108	3%
Total	24,365,976	100%

Major cities in Kansai Region*		
Major cities in Capital Region	Population	Proportion to Regional Total
Kyoto City	1,467,785	7%
Osaka City	2,598,774	12%
Kobe City	1,493,398	7%

Source: The Statistics Bureau (Japan), based on the year 2000 census

* According to the membership governments to the Kansai Council

To describe the relationship among these local governments, people often quote a remark, “Kansai is one by one” to lament their uncooperativeness. The rivalries between Kansai’s local governments obstruct sustained regional planning. There are three kinds of rivalry/conflict among them. The first is the peer competitions. The major cities of the region, Kyoto, Osaka and Kobe compete one against another in the economy. By the same token, Kyoto Prefecture, Osaka Prefecture and Hyogo Prefecture are rivals. Osaka’s economic superiority was unquestionable in the past but it has been weakening in recent years. A researcher knowledgeable about the region comments that the declining power of Osaka-based leading economic organization, the Kansai Economic Federation (KEF) is one of the two major reasons for the difficulty Kansai faces in implementing sustained regional cooperation (from interview). The second type of rivalry is the vertical conflicts between major cities and their prefectures. Kyoto City, Osaka City and Kobe City possess prefecture-equivalent statuses as the “designated” metropolises. However,

In the Japanese hierarchical political system, prefectures still supervise the designated cities in many respects. Meanwhile, the designated cities do implement their own policies without consulting their prefectures. These cause frictions (from interview).

This sort of vertical rivalries is potentially more harmful than the horizontal peer rivalries. Particularly, the contention between Osaka City and Osaka Prefecture is legendary in Kansai. The above mentioned researcher speculates that the Osaka City-Prefecture conflict is the other major obstacle for the regional cooperation in Kansai. Last source of local conflict is the urban-rural relationship. The Kansai region is a geographically diverse area stretching from the South-sea coastal area of Wakayama

Prefecture to the small seaside villages along the Japan Sea in northern Hyogo and Kyoto prefectures. In between, there are many mountains, valleys and rural areas. Prefectures, such as Nara, Wakayama and Shiga are fundamentally rural in character. These prefectures are very cautious about the rescaling of local governments, fearing the loss of population and communities to urban areas once the territorial boundaries of prefectures are weakened. On the other hand, it is also true that these diversities and the unique characteristics of local governments collectively distinguish the historically rich Kansai as a region (from interview). Therefore, the individualistic characteristic of Kansai's locales can be an advantage as well as disadvantage for regional development in Kansai. For example, it allowed local governments, business organizations, private businesses and mass media to join forces to create the Kansai Cultural Energy Zone Promotion Council to invigorate the region's socioeconomic stagnation through the rediscovery of its cultural resources. Given this opportunity, some assert, "Kansai is one by 'one by one.'

Another local characteristic is the role of the business sector. Kansai's private sector is very active in not only economic development issues but the local governance issues. Osaka's economic status declined in relative to Tokyo's under Japan's Tokyo-oriented state developmentalism as the national economy increased throughout the post-war growth era. Because of this history, the Kansai business sector determines that Kansai's economic development depends on decentralization and local political independence. Kansai's economic leaders have been pressing the central government to adopt regionalized block local government systems with increased local authority since 1950s. No other business sectors in other Japanese regions take the leadership role on

local governance reform issues as they do partly because of the need to complement the rivalries in the public sector. The private sector felt the need to pull the competing public bodies together for development. Indeed, the Kansai Council, a quasi-government regional organization (*Urban Politics* below details this organization), was established in 1999 under the leadership of then Kansai Economic Federation (KEF) chairman to forge a regional bond under slogans; “Create a ‘New’ Kansai!” and “Join forces to make Kansai into One!” Clearly, this attempt was a counter measure against the “one by one” trait of Kansai local governments. Yet, neither is Kansai’s business sector necessarily monolithic. KEF claims to represent the economic interest of the entire Kansai region but in reality the group is biased towards Osaka. When the members say, “Kansai,” they often mean only Osaka in mind, alienating business organizations in other cities (from interview). Also, there are different arguments for regionalism within the business sector. Two organizations publicized regionalism ideas in Kansai: the Kansai Model by KEF and the Osaka Prefecture and Osaka City merger recommendation by the Kansai Association of Corporate Executives. The plan by the former intends political decentralization while the latter aims at streamlining of local governments.

Conflict in Kansai also exists between the public sector and the private sector. There are deep miscommunications between them with regard to their regionalism attempt. The following summaries of both sectors’ opinions illustrate the misunderstandings:

The local governments do not make efforts for efficiency because they need to finance only thirty percent of their total budget under the Japanese centralized government system. As the tax payer, the private sector needs efficient governments. Otherwise, businesses move to better places. We must change the

culture of public superiority over the private sector. In Kansai Council (KC), sectionalism prevents overall benefits for the region. Representatives from each local government to KC always try to benefit their own areas rather than Kansai as a whole. They say protection of their citizens is their duty. They do not make efforts until it is sure that they can get their shares of benefits. Such parochialism hinders the consideration of overall benefits to the region. “Kansai” must be the determination of the local communities. The attitude of the local governments is selfish and very frustrating (a business sector representative).

It’s hard to understand what exactly the private sector is suggesting. Their argument is too ideological to define problems and identify plans to solve them. They tend to stereotype us – the public sector is reluctant to change. We are open for change although some would naturally hesitate to make sudden big changes such as government rescaling. They have an attitude of telling us what to do from their narrowly defined agenda without trying to understand the basic values as well as actual systems on which the public sector works. The public sector and the private sector need to develop mutual understanding and trust if we were to cooperate but they try to reorganize the public sector as they like according to their beliefs. This really discourages cooperative stances between the two sectors from the start (a local bureaucrat).

Despite all these differences, the elites in Kansai unanimously agree that cooperation must be achieved between the private and public sector and between the various local governments to overcome the adverse economic and political environments.

To summarize the institutional factors discussed in this section:

- Local governments have strong individual identities. This can partially explain various rivalries and conflicts existing between the local governments
- Kansai region is also diverse physically, including large sections of rural areas along major metropolitan areas
- The business sector is very active in local governance and its reform towards regionalism and decentralization
- Mistrust exists between the private and public sectors while acknowledging the need for cooperation

Urban Politics

Kansai's regionalism political activities take place mainly with two organizational formats in two arenas. The first is the cooperation between public leaders and private elites and the second is a coalition of key public sector leaders. As mentioned in *Local Institutions* section, Kansai's business elites have been involved in politicizing local government structure since as early as 1955. The Kansai Economic Federation (KEF) has been very active in the local government reform issue towards a decentralized, larger scale local government structure. Currently, two activities exemplify the leadership roles of Kansai's business sector to government restructuring and public-private partnerships. They are the Kansai Council (KC) and KEF's Kansai Model and its study group.

KC is regionalism in action as well as an arena. It is an innovative cooperative of local governments and business organizations in the Kansai region to promote and

implement regional development. Its membership is extensive, including nine prefectures, three major cities (refer to Table 6-1) and twelve powerful business organizations in the Kansai Region. The two main objectives of this regional quasi-government include, 1) “to strengthen...regional networking to upgrade collective capabilities and efficiency to make the Kansai an attractive world city-region, and 2) “to construct bright, strong and vibrant ‘Kansai’ on the framework of nine prefectures, three designated cities and the private sector under the ideal of ‘Kansai is One’” (Kansai Council 1999). Its “Kansai Declaration” clarifies the philosophies of its slogan, “Kansai is One.” There are four strands of rationales in this plea for Kansai’s regional determination. The first is the new environments that require structural change, including globalization, the information technology revolution, the “maturation of Japanese economy¹⁰,” and the declining birthrate/aging population. The second is the history and current status of the “Kansai” region. The declaration (Kansai Council 1999) describes Kansai as:

A region that has prospered with its rich social capital and traditions nourished by the beautiful nature and historic culture, the innovative business venture spirits and the local attachment and regional pride.

Having established a glorious local identity, it agonizes over “Kansai’s thirty-year old decline.” Then, it describes “the cooperation between the local citizens, the business community and the public sector” as the foundation to rebuild “Kansai.” Thirdly, it defines its political identity and interest as a region by discussing:

¹⁰ This is another way of saying the end of the “upward-slope economy.” The effects of the global economy to Japan are implicated in these common phrases.

The regional actions that KC tries to undertake is a historical innovation to enhance Kansai's overall power and efficiency required...to compete in the global economy: it must create the developmental basis that overcomes the barriers existing between various government jurisdictions and between private/public sectors...sharing the region-wide development strategies and the common ideal, "Kansai is one."

Finally, it emphasizes the important implication of its mission to the nation since "regionalism is a long-awaited political goal of the entire Japanese." To accomplish these grand goals, KC engages itself in activities including, the development of culture and tourism, public relations and publicity, environment issues, emergency preparedness, the development of industry, technology and science, the revitalization of the North and the South in Kansai, and information technology management.

KC has made notable accomplishments in the development of cultural tourism and the public relations on this platform. Members support KC:

KC is a necessary intermediate step that can allow real regionalization once it proves its effectiveness and creates strong sense of common benefits, identity and interests (from interview).

Local governments intend to retain their political existence. Given this, KC performs a very important function particularly because it is a joint venture between the private sector and the public sector (from interview).

Despite this, the overall evaluation from the member organizations is mixed at its best.

The public sector leaders comment:

It is a unique and progressive idea but it lacks a sense of single entity. It is like a gathering of separate interests still representing their home organizations. It has been failing to exert leadership (from interview).

KC is doing a good job for tourism with action plans and clear targets. But it can be a place where the disagreements deepen between the private sector and the public sector (from interview).

The private sector similarly expresses:

KC lacks the gravity (to pull members together) and the capability to implement (regional plans) (Hagio 2003).

KC is a membership organization but the power of each member is stronger than the organization itself. KC cannot govern its members (from interview).

From conclusion, KC is an organization of a unique regional inter-government/inter-sector arena but it has yet to become a solid regional platform.

The other arena of private-led public-private cooperation sponsored by KEF is the “Study Group regarding the Status of Kansai under the Decentralization Reform,” which KEF organized after its publication of the Kansai Model – a three-tier federal regionalism plan (detains in *Discourse of Place-making*). The study group was designed to continue between July 2003 and December 2004 to cover topics, such as, decentralization and

governance models, the charter for administrative duties and division of responsibilities between prefectures and municipalities, local government finance system, and ideal of regionalism in Kansai. The academics from local universities and bureaucrats from the same members to KC joined this study group. However, some public sector members resisted taking part in the study group because that might indicate an acceptance of the Kansai Model. These members needed to make sure that the study group did not have the pre-construed conclusion that the three-tier federal regionalism model KEF promotes would be inevitable for Kansai's future governance system. All the same, KEF still makes efforts to pull the individualistic local governments of Kansai together, which is well felt by the public sector (interview). The experiences of KC and the study group so far illustrate the difficulty of public-private cooperation to become the foundation of Kansai's regional governance. The private sector in Japan does not have the kind of power American counter part. Yet, it is important to not that KC continues to exist because the both sector firmly agree that they have to cooperate to earn local autonomy from the central government.

There is another group of leaders that has been discussing local government rescaling in the Osaka area. Its arena is still informal but coalition is much tighter than the KEF-led groups. These leaders are the governors of Kyoto Prefecture, Osaka Prefecture and Hyogo Prefecture. These three prefectures are the heart of the Kansai region in terms of population and economy, containing the three major cities in the region, Kyoto, Osaka and Kobe, respectively. The three prefectures are currently challenged. Their metropolises, Kyoto, Osaka, and Kobe seek higher autonomy from their prefectures. Nationally, the *Doushu-sei* (the regional block local government

system) discussion, which entails the mergers of prefectures, is increasing the possibility to become reality (Refer to Globalization and Reforms in Chapter IV). Ideologically, the Japanese local governments, both prefectures and municipalities alike, increasingly embrace the concept of subsidiarity to demand larger autonomy from their higher governments. To make the matter more urgent, prefecture governments are in deeper fiscal problems than cities. All three have problems but Osaka Prefecture's condition is particularly serious. These political and economic environments press the three prefectures for administrative innovations and new concept of local government. Yet, these three governors maintain very congenial relations (interview). They help each other for mutual development and understand the existence of shared interest between the three prefectures as a region. For example, these leaders spearhead tourism/trade partnership with East Asian countries, particularly with China (Osaka Prefecture 2005^a). With regard to recent anti-Japan sentiment flared in China and Korea and Japanese central government's stern response, the three leaders assert the importance of local level international relations with these countries to spread mutual understanding and confirm their planed visit to China in October 2005 as representatives of Kansai Region (Osaka Prefecture 2005^b). Their other joint activities include recruitment of the ministry of culture to Kansai, campaign for decentralization reform, and personnel exchanges between their prefecture governments (Osaka Prefecture 2005^a).

There was some controversy in recent years over the construction of a new airport by Hyogo, which caused some conflict of interests between Hyogo Prefecture and Osaka Prefecture. There had been a long debate over whether the old airport of Osaka should be closed or not because of the slow growth of the new airport built off Osaka Bay in the

mid-1990s. The problem was the old airport was stealing customers from the new one, which were suffering from serious deficits and potential postponement of further grants from the central government. In the midst of this tough condition for Osaka, Hyogo decided to build to a new airport, which would the situation even harder for Osaka. However, the leaders of both prefectures managed to settle the issue by differentiating the markets of the three airports (Nihon Keizai Shinbun 2002/8/8). Provided with their cooperative attitude this airport issue demonstrates, a knowledgeable person confirms much better potential the coalition between these three governors possesses for political restructuring in the Osaka area than the KEF (Interview). Of course, these leaders work with the private sector but the three governors appear to share common goals and values that few others can see.

To summarize, the urban politics for regionalism in Kansai include:

- The private sector and the public sector agrees on the demand for decentralization but cannot create strong coalition
- The private sector initiates regional inter-government/inter-sector organizations but face strong resistance from the public sector
- An alliance between the governors of the core prefectures, Osaka, Hyogo and Kyoto is firm, making slow and modest but steady actions for regional development.

Politics of Scale

Two main ideas of local political space-making compete in Kansai. The two apply different rationales to define spatial structures of their regional communities in the scale

division of labor. The first idea of regional space is upheld by Kansai's business sector led by Kansai Economic Federation (KEF). The basic logic of their spatial ideology is the economic competitiveness. Consequently, they look for the scale that guarantees the best economic advantages to their production activities. The other concept of regionalism in Kansai is based on the space of equitable society as well as economic development. The public sector is the advocate of this spatial concept. They try to identify regional space that allows the balance between urban and rural economies to be reached in the scale division of labor. These two concepts of regionalism also have different attitudes about power and time scale. The economic sector prefers a unified political body created through a speedy, top-down process while the public sector seeks consensus building through a gradual, evolutionary process. The clash between these two approaches characterizes the politics of scale in the Osaka area.

The economic interest in the Osaka area seeks local political leadership and independence from the central governments. This is based on the historic patterns described in *Chapter IV, Tokyo and Osaka*. They see a strong relationship between the roles of central government in Japan's centralized developmentalism and the concentrated growth in the capital region. For example, their persistent goal of the "resurgence of Kansai" is always conceived relative to Tokyo (from interview). This is the reason that the private sector of Kansai very actively continues to take part in local public policy-making. A private sector leader explains:

It is the local government that takes the role to plan and stimulate local development. Their capability to manage local community is very important for citizens and businesses ... If it were not for the centralized system, we could do a lot by our planning. Kansai can govern for itself...Political decentralization will

turn around the economic concentration in Tokyo... This is the right direction for the overall Japanese economy... We need to get united to fight against the central government (from interview).

This comment summarizes the tenets of regionalism concept that the Kansai private sector advocates. Economy and politics are bound up in order to establish a local political independence against the existing local-central relationship. Consequently, they aim to establish a regional political scale in which the economic interest of the region is represented and by which development policies are created to orchestrate and direct local governments. The tenets of “Kansai Declaration” and the slogan of “Kansai is One” detailed in the above *Urban Politics* section also indicate this underlying scalar political economy of Kansai’s private sector. They insist on the creation of regional governing body above current prefectures because of their frustration from Kansai’s individualistic local governments unable to make concerted development efforts and the relative weakness of prefectures in relation to the central government under the current intergovernmental relations. On this basis, KEF (2003) proposes, apart from KC, a federal-style regional government, “Kansai-*shu*” model, which includes an extensive space for its control. It is said that they would rather abolish the prefectures to give more power to the regional government but they decided to retain them in order to appease prefecture leaders (from interview). More details on this topic will follow in the following *Discourse of place-making* section but, from the conclusion, their politics of scale is based on their desire to break the current nested system of Japanese centralized political system. With this confrontational perspective, the business sector leaders try to

restructure the scale division of labor from the current vertical unitary state form to a horizontal federal form. Conversely, they press for a vertical hierarchical form within the region for efficiency and command in place of the current horizontal federal form between prefectures and special cities for concentration-and-command. They tacitly rationalize this contradiction by conceptualizing the scale in terms of competition between Kansai and the coalition of central government power and its urban instrument, Tokyo. Their implied politics of scale is set up by defining the center/Tokyo alliance as the common adversary, against which their scale has to be fixed for competitiveness. For the private sector leaders, the region of Kansai, rather than individual prefectures or cities, is the scale by which they can prosper independently without the central government and against the capital region in the global economy.

The public sector in the Kansai region agrees with the need to break the centralized nested system. However, in contrast to the economy-led politics of the private sector, the Kansai public sector seeks regionalism based on broad value systems than narrowly focusing economy and efficiency. For example, they defend their apparent functional inefficiency from the business people's point of view by explaining different organizational goals. The services local governments provide add up to "thousands" but often without clear indicators, such as business profit figures, to measure the delivery efficiency (from interview). Provided with the broader goals of the public sector, combined with the concept of subsidiarity, which advocates decentralized decision makings and service delivery at as close a level as possible to service users, the public sector has to oppose the concentrate-and-command objective Kansai's private sector proposes in their regionalism.

The public sector's organizational goals include the maintenance of equitable and livable communities in addition to efficiency and development (from interview). To these ends, the public sector needs to have certain spatial boundaries. Without them, they cannot pursue their organizational goals. Therefore, the ontology of the public sector is space. This makes the public sector's decision making prone to parochialism because their territory is the domain from which their policies and goals have to be determined. A local government bureaucrat honestly accepts, "It is organizationally impossible to expect local governments to have a regional view (from interview)." Therefore, although many local governments in the Kansai region implement bi-/multi-lateral joint planning for, for example, garbage recycling, environmental control, natural disaster preparedness and economic development, there is great difficulty for these formats to develop into rescaling of local governments for integration.

However, opinions for regionalism do exist within Kansai's public sector. For example, strong cities, such as Osaka, Kyoto and Osaka are in favor of creating a regional scale governing body to weaken the prefecture controls and give more autonomy to themselves (from interview). But even these pro-regionalization public leaders reject the concentrate-and-command objective assumed in the business sector's regionalism ideas. Even for these economically aggressive cities, economic development is only one of many public sector goals. Regionalism designed only for economic growth cannot be accepted. This is the fundamental reason that the KEF-sponsored regionalism actions face resistance from the public sector and this is the background against which the three governors of Kyoto, Osaka and Hyogo prefectures try to strike a balance between the goals of public sector values and the demands of Kansai's private sector and economic

reality. They try to innovate from the parochialism of the public sector and manage the impatience of concentrate-and-command desire by the private sector. For this objective, they appear to have started a process to find a new scale division of labor plausible among Kansai's local governments.

To summarize, politics of scale in the Osaka area include:

- The private sector presses to break existing centralized nested scale system with regional local state because the current system economically favors Tokyo and disfavors Osaka
- This local economy-oriented regionalism stands on regional economic scale with centralized concentrate-and-command
- The public sector resists the economically oriented scale division of labor in Kansai and the governors of Kyoto, Osaka and Hyogo try to pursue a public value-oriented regionalism to balance against economic reality.

Discourse of Place-making

The main policy tool of politics of scale by Kansai's business interest is the Kansai Model, or "Kansai-*shu*" proposed by KEF. This regional government model was first published in a report compiled by the Kansai Industry Competitiveness Conference (KICC). KICC was a special taskforce convened in 2002, representing the seven leading business organizations¹¹ of the Kansai region to compile strategic plans to "strengthen the industrial competitiveness of Kansai." This is a private sector-based committee as

¹¹ The Kansai Economic Federation, the Osaka Chamber of Commerce, the Kyoto Chamber of Commerce, the Kobe Chamber of Commerce, the Kansai Association of Corporate Executives, the Osaka Industrial Association and the Kansai Executive Association (the Osaka Chamber of Commerce and the Osaka Industrial Association merged into the Osaka Chamber of Commerce and Industry in 2003).

opposed to the Economic Strategy Conference, which was sponsored by the prime minister as described in Chapter IV and V. The motive behind this private initiative was the strong sense of economic crisis in Kansai. Its report, “For the Industrial Competitiveness in Kansai: taking aggressive actions!” recommends local government restructuring along industrial policies and economic development plans as the “action plans that the Kansai private sector implements with its initiative.” The report rationalizes their demand for local autonomy as follows:

As the globalization of economy progresses, the need to appeal to the world with individuality, rather than with uniformity, increases. The speed is also required in policy decisions. However, the current system not only takes time in policy making but also produces uniform policies for all regions...The central government should delegate local competitiveness development responsibilities to local governments for greater local autonomy. We must radically redistribute public finance resources between the central government and local governments...to enable local governments to implement locally-specific development policies (KICC 2002, p45-46).

The Kansai private sector criticizes the fragmented nature of Kansai’s local governments for the mismanagement of rich resources, including three characteristic metropolises: Kyoto, Osaka and Kobe, rich nature as well as culture, and the economic size as large as Canada. They attribute the public sector’s governance failure and fragmentation to the declining regional competitiveness (KICC 2002, p46-47). Thus, they argue:

Regional unity through the creation of a regional governance unit beyond prefecture boundaries is essential to utilize Kansai's potentials and its cities characters and overcome the fragmentation (KICC 2002, p46).

With this argument, the report recommends an establishment of a federal-type regional government. The top-tier of the three-tier local government system is called, "Kansai-*shu*"¹², possessing its own political power and budget above prefectures. The report hopes the new regional structure will implement concerted regional decision-makings on strategic investments, such as, the international airport, harbors and freeways (KICC 2002, p47). With weakening prefecture divisions, they hope the new regional government will implement the "concentrated and select" economic development strategy for collective competitiveness of the region in the global market.

These arguments show that the business leaders identify the region of Kansai as the space of common interest based on two reasons. The first is the localism they argue for in relation to globalization and the other is the local government fragmentation, which is connected to the economic decline in the Osaka area. However, the underlying assumption in these two reasons is the need for competitiveness. Desire for competitiveness combines decentralization and regionalization in Kansai. This reasoning is more clearly expressed in KEF's regionalism policy plan, "A Presentation of Kansai Model, installing local autonomy and responsibility" (KEF 2003), in which the concept of Kansai-*shu* is elaborated. It is a political manifesto of Kansai's private sector leaders to

¹² "*Shu*" is a Japanese word used to describe a unit of political territory with larger scale and higher political autonomy than prefectures. *Shu* is used to describe American states, German Länd, and Canadian province. For example, the state of Kentucky is called Kentucky *Shu*. However, *Shu* would not have as strong political power as American states under the current Japanese unitary system.

propose local government rescaling for greater planning capacity and increased political independence.

KEF raises two reasons to justify its decentralization restructuring recommendation. Firstly, it argues that the Japanese centralized oligarchic political system and its clientelism caused the Japanese economic crisis since the early 1990s by allowing center-dependent political culture and continuing fiscal mismatch between local input and output resulting in large budget deficits. Secondly, it determines that Japan's existing two-tier local government system is inefficient and unpractical to accommodate the decentralization reform the central government currently plans. With these rationales, KEF (2003) demands the Japanese government to press forward the following reforms:

- 1) To redistribute the responsibilities between the central government and local governments for decentralization under the concept of subsidiarity. This includes the privatization of public responsibilities.
- 2) To redesign local taxing and financial system to implement self-sufficiency, self-management and self-accountability. To clarify to citizens the relationship between payers and recipients of public funds.
- 3) To allow for a flexible local government system to accommodate within single jurisdictions the cost-benefit relationships of large-scale public investments. Planning needs for regional approach is increasing and a regional government framework allows local initiatives, rather than reliance on the central government.

KEF's own strategy to these reforms is the suggestion of a new local government system, the Kansai Model. The "Kansai-*shu*" is an example of the Kansai Model and it is a federal form regional government above existing municipalities and prefectures. In fact,

the same member prefectures of the KC make up the Kansai-*shu* – an extensive geographic scale, including highly urbanized areas and rural mountain villages and prefectures not usually considered parts of “Kansai” region, such as Tokushima Prefecture, Fukui Prefecture and Mie Prefecture. In fact, according to a survey conducted in the past, Kansai means a much smaller area along the cities of Kyoto, Osaka and Kobe for many people’s perceptions, particularly in the context of business and economy. By identifying such a large, diverse area as a single unit, KEF (2003, p16) asserts that the Kansai-*shu* will develop into “the world-class free economic zone Kansai...liberated from the yoke of the Japanese centralized system.”

The Kansai Model is proposed as a policy suggestion to improve the economic viability of the entire nation as well as for Kansai’s local interest. This is an effort to avoid the impression that the plan is an expression of “anti-Tokyo” feelings (from interview). This intention betrays the truth. To prove, after painting a grand objective of Japanese future, the Kansai Model plan cannot help making a causal relationship between Kansai’s economic conditions and the political concentration at Tokyo. The business elites believe “Kansai’s economic revival” will not occur without breaking the power concentration at Tokyo. In fact, to gain decentralized local political power from the central government is the fundamental goal of the Kansai Model plan (from interview). Rescaling of current local government system is secondary but necessary condition for the viability of the decentralization. A business leader comments:

With the current system (with prefectures), devolution of authority is limited – policies and functions covering more than single prefecture have to go to the central government (for planning). Prefectures do not demand authorities to deal with matters beyond their current boundaries” (from interview).

In this way, decentralization and regionalism are two fundamental elements for local competitiveness in Kansai business elites' minds. Regionalism will give the regional government sufficient scale of planning capacity to implement the "concentrated and select" investments on major infrastructure, such as harbors, airports, and transportation networks, for economic development (KEF 2003, p17) – the key to the competitiveness in the global market. Consequently, the Osaka area will compete in the global market as a political economy of its own, breaking the monopolistic control of the central government, which favored Tokyo through the recent state history.

The ideas of localism and regionalism prevalent among Kansai's business elites position the Osaka area in relation to the central government/Tokyo. Their reasoning for the Kansai Model frequently mention globalization but the goal of their plan is in fact in the lateral relationship between Osaka and the center/Tokyo. The business sector puts emphasis on the importance of political decentralization and local autonomy for democracy. Yet, their ultimate objective is to achieve "economic revival of Kansai." But the economic end is not entirely for economic interest. There is undeniable personal identity with "Kansai" (from interview). Some local nationalism overtone does exist among some of the Kansai business leaders, although their definitions of "Kansai" may vary. This can be discerned from comments among leaders, such as:

The problem is the lack of localism – the freedom of local self-determination.

Local statism is not allowed under the centralized system (from interview).

The positioning of the Osaka area as a suffering number two economy vis-à-vis Tokyo/the state justifies the adjustment of Osaka's identity to the space of Kansai region. By defining the economic problem in Kansai as the result of the strong scale of Japanese state, it discredits the benefits of Japanese state scale-oriented political system and tries to rescale the state system towards local scale-oriented. The business elites play their politics of scale to "place" Kansai-*shu* as the space of commonwealth over an unusually large territory. It is the evocation of the "all-Kansai" spirit – the term often used to express its regional collective identity and local statism, which is supposed to tolerate uneven development in the region that the "concentrated and select" investments will produce under the concentration-and-command strategy of the regional government. This sacrifice for unevenness for overall goals is the "ordering" that the "all-Kansai" mentality subsumes and the inspiration that the "naming" of "Kansai-*Shu*" tries to implicate.

Kansai's public sector is generally critical about the politics of scale the private sector engages. For example:

Their (the economic sector's) strongest idea is that the fragmentation of local government is the obstacle for Kansai's economic development. This is the most important rationale for the Kansai Model. The current local government system prevents economic development. But we do not understand (from their explanations) what exactly wrong with the current system...(If we know), we can fix that rather than the entire structure. What they want seems a decision-making power at the regional level to allow the "concentration and selection" to prioritize projects at the regional level.

For the business sector, the most important thing is to compete economically against Tokyo or Nagoya or Shanghai or whatever for economic independence. Thus, they prefer concentrated investments in the middle for efficiency. For the local public administration, economy is only one of many factors of organizational objectives.

The businesses say we have lots of problems. That's why we have to rescale (the local government structure). It is true that the Kansai economy is declining and home-grown businesses are moving to Tokyo. But we wonder if the current local government scale is really the cause and rescaling would stop the economic problems. Economic scale merits exist but does it a matter of local government scale? We are really not sure.

In the meantime, the reality of economic competition and fiscal crisis urge the public sector leaders to cooperate with the private sector for regional development actions under slogans, "All-Kansai" and "Kansai's revival." Yet, as executives responsible for the welfare of all citizens in their jurisdictions, the public sector leaders stand in difficult positions to implement regional development plans, which result in uneven development over their combined territories. Under this difficult condition, the governors of Kyoto, Osaka and Hyogo have started to take a slow, step-by-step cooperation approach towards making of regional space. The first of such steps was their joint declaration to "strive for the revitalization of Kansai thorough cooperation and taking advantages of individual strengths" (Sankei Newspaper 8/8/2002) at a press conference in 2002. These governors have maintained congenial relationship since then, sharing ideas about the future of

Kansai's local government. They have already informally agreed the leadership role of Osaka Prefecture in case of future stronger forms cooperation (from interview). Some speculate that the coalition of these three governors has a higher probability of achieving local government rescaling than the Kansai Model promoted by KEF (from interview).

The concept of regional rescaling such as merger is accepted by these leaders based on the following premises (from interview):

1. It must occur thorough democratic means; economic logic should not dictate the process and the goals of local government structure.
2. The reform process should not start as a deliberate effort to rescale the local governments. Local government rescaling should result as a natural consequence from mutual cooperation between local governments.
3. Citizen feelings and sentiments to their sense of place and community must be taken into account.
4. Restructuring of local governments must take bottom-up approaches and methods acknowledged by citizens.
5. Setting up a clear regionalization goal a priori invites resistance and prevents rescaling of local governments
6. Decentralization is the ultimate objective. Regionalization of local governments by itself does not have meanings. After decentralization, we may find the current local government structure inadequate. That is when rescaling should be discussed.
7. Kansai can only become a single community when regional cooperative projects produce cumulative positive results over time.

Few in the public sector think the imminence of regional rescaling in Kansai. Yet, the serious thoughts found in these premises indicate potential and possibility the leaders must be feeling. Indeed they have made further steps since the start. For example, they have started personnel exchanges. The governors are visiting China together on a commercial mission (Osaka Prefecture 2005^a, 2005^b). Four reasons compel the prefecture governments to consider rescaling for regional government. Firstly, the mismatch exists between urbanization patterns and administrative boundaries. An official testifies:

We question the adequacy of current local government structure. This is a question that goes across Kansai because of the changing social and economic activities. People's activities go across local government boundaries. We feel the need to review the scales of government units to match their actions and to deliver adequate services (from interview).

Secondly, the central government has been giving serious thoughts to reforming local government system, including the replacement of prefectures with a smaller number of larger block subnational political units (Refer to Globalization and Reforms in Chapter IV). The prefectures know that once the merger initiative for municipalities currently under way has achieved a certain result, the new block system would become a real possibility. Thirdly, prefectures are under serious fiscal strains. This has many implications. One of them is to cooperate for economic development "to increase economic and industrial capabilities when cooperation can bring about synergy effects." Finally, they consider the Tokyo monocentric concentration very problematic. An official comments:

Tokyo monocentric concentration is a real problem... The national government considers the entire national economy. It is a rational decision making that they concentrate resources on the most competitive locations (under the global economy). However, it is wrong for them to decide policies for local governments from such economy-oriented rationality perspective only to divest weak areas. The central government must give authority to local governments for self-governance and efforts (from interview).

The three public leaders stress that the objective of Kansai regionalism is not competition against Tokyo economically. They accept the market principle of economic centralization tendency (from interview). What they oppose is the political concentration in Tokyo, which further rationalizes Tokyo's monocentric economic concentration, and what they demand is local political and fiscal capability to determine its own future. The governors of the three prefectures attack Tokyo's economic concentration aided by the political concentration in Tokyo. Governor Ido of Hyogo prefecture suggests a need for a strong political attitude as if Kansai becomes an independent state to achieve decentralization (2003 in Kansai Summit 2003 p46). On the other hand, the three governors oppose the enhanced autonomy of the designated cities, such as Osaka, Kyoto and Kobe because that "goes against the current (need) for regional approaches" (Sankei Newspaper 2002/8/8). They also oppose the Kansai-*shu* model because of the model's "concentration-and-selection" efficiency strategy. They believe, "One of important roles of the public sector is to adjust this tendency (economic concentration in the free market system) to maintain balance" (from interview). What these three leaders wish to achieve for Kansai region's governance structure in future is based firmly on the public value of equity, opposing the

globalization-supported economic rationalism used by any level of government. A bureaucrat explains:

The centralized developmental economic policies using the global economy as rationale is leading to Tokyo's further monocentric concentration and destroying rural communities. If one contemplates on this tendency, globalization, demand for decentralization and local regionalism have to become interrelated...Regionalism is a means to demand political autonomy. Regionalism in Kansai makes sense only in this context because it is a means to defend all communities from the global economic logics (from interview).

The leaders of the three major prefectures in the Kansai region try to "place" the regional space as the community of resistance to the logic of competitiveness as well as to the centralized Japanese political system. The starting point is their current territories, from which they intend to take time for an evolutionary, bottom-up process of rescaling. They propose to "order" the new place of regional community and equity that resist the logic of competitiveness and the "concentration-and-selection" and the "concentration-and-command" logics derived from globalization. Finally, they try to downplay to use the name "Kansai" for economic competition against the Tokyo area. Rather, the use is aimed for local identity against the political concentration at the center/Tokyo and for local political determination and cooperation. The positioning of Kansai is similar to the positing adopted by the private sector: Kansai is positioned vis-à-vis the central government/Tokyo. Yet, the criterion for the juxtaposition is more strongly based on political autonomy than the economic competitiveness. Whereas the private sector

considers political autonomy a means for economic growth, the governors think the economy as the means for local autonomy inclusive of rural communities.

To summarize, the discourse of place-making in the Osaka area includes:

- The private sector positions an extensive Kansai-*shu* as the regional space to defend local competitiveness. To this end, they demand political decentralization and justify the “concentration and selection” strategy for efficiency and uneven development.
- The coalition of three governors seeks regional space based on their prefectures to resist the competitive logic of globalization and defends community values. Decentralization and economic development are means to this end.
- Decentralization and regionalism are complementary for local economic development and political goals
- Both private and public sector place “Kansai” in the local state scale having a horizontal relation to the central state. Local identity and determination are part of Kansai’s regionalism

Conditions of regionalism

With inauguration of Kansai Council, Kansai took an early start for regionalism through the business sector’s leadership. KC, however, is losing its momentum and becoming even the source of misunderstanding between the private sector and the public counterpart. All actors in Kansai agree on the general goal of Kansai’s economic revival and cooperation but cannot go further. Apparently, the logic of global economy and

competitiveness needs alone cannot unite the strong place identities of Kansai's local governments. Powerful economic organization KEF (2003) launched its version of regional government place, the Kansai-*shu* model with substantial determination. Yet the fundamental disagreements between the private sector and the public counterpart get in the way of the model's success. The goal of economic growth for the private sector and the communitarian values of the public sector clash over the order of the regional space: whether concentrate-and-command for efficiency or resistance against the globalization competitiveness logics. However, it is important that the two disagreeing sectors firmly agree on their demand for decentralization. The private sector and the public sector, jointly or separately, campaigns hard for higher local autonomy in the vertical intergovernmental relations for a local state status.

As opposed to the apparent stalls of the private sector-led regionalism actions, the governors of Kyoto, Osaka and Hyogo prefectures made a gradual approach to seek the potential of regional rescaling in the Kansai region. This is not intended as an attempt to develop a regional government but to set up foundations of cooperation that has a potential for the creation of regional scale. Interestingly, this much less ambitious method to regionalism than the private sectors models appears to making forward moves. Thus, the horizontal intergovernmental relations in the Kansai region are not as pessimistic as the failed attempts by the private sector show. Perhaps it cannot be said that substantial regional planning for economic development is taking place in Kansai. Yet, regionalism as a voluntary shared attitude of local governments towards certain future mutual goals, it is budding in the Osaka area.

The summary of the conditions of regionalism in the Osaka area includes:

- The leaders of private and the public sectors consider regionalism a means to achieve higher local autonomy in the vertical intergovernmental relations towards a local state status.
- Horizontal intergovernmental relations are making slow progress toward potential political rescaling although only limited to between three prefectures.
- Economic logic by itself does not progress regionalism. It appears to require political ideas.

The Story of Regionalism in Osaka

Politics of scale for regionalism in Kansai is an indication of potentials and limits of private-public partnership for political structuring. It asks the question of economic competitive needs versus public values under supposed pressure from globalization. In other words, it is casting the question whether local governments can resist globalization or not. Probably because of the combination between the Japanese tradition of high status given to the public sector and the strategic locations the three prefectures of Kyoto, Osaka and Hyogo include in their territories, they are currently in a position to be able to resist the demand for regional rescaling for economic competitiveness made by the private sector. However, many of these private leaders can leave the Kansai region if their frustration levels reach certain point. Thus, the future for the defense of public values can be very uncertain.

The most fundamental issue facing the leaders of the Kansai region is, in their minds, the resurgence of Tokyo-oriented urban development policies conducted by the

central government. For Kansai's private sector, this is the cause of economic decline in the Osaka area. For the public sector, further Tokyo monocentric concentration destroys rural communities. The leaders in the Kansai region see the regime between central government, Tokyo's economic elites and TMG is still in play, creating extremely uneven development in the state as it has been for a long time. Observing this trend, the private and public leaders of the Kasai region share the same sentiment that they have to stand for strong political independence towards local statism. Regionalism is considered a political and economic development instrument for this objective. In this way, regionalism in Kansai entails local identity and political determination possible to make from-below restructuring in the vertical intergovernmental relations through horizontal rescaling

CHAPTER VII

COMPARATIVE ANALYSIS

Overview

This chapter starts by juxtaposing the case study findings of Tokyo and Osaka described in the previous two chapters. Insights gained from the two regionalism developments will be compared for further analysis on the interactions between local and central governments. This will reveal how various levels of politics of scale interact to develop decentralization and regionalism and how globalization factors in the interactions. This analysis will also be connected to the literature for theoretical implications in the fields of globalization, regionalism and urban politics. I will then discuss the rhetorical strategy identified in the politics of scale in Tokyo and Osaka in the same theoretical context. Finally, the resistance exhibited against the regionalism for competitiveness by local public leaders will be examined as a topic of future discussion.

Comparative Analysis of Regionalism in Tokyo and Osaka

Table7-1 compares the defining aspects of regionalism in Tokyo and Osaka along the analysis format used in Chapter V and VI.

Table 7-1

Coding categories/ Properties	Tokyo	Osaka
<p>Structural forces: Global economy and state/urban restructuring</p>	<ul style="list-style-type: none"> ▪ Tokyo as the site and tool to solve the national economic crisis. It is a part of national strategic policy reform ▪ Anti-Tokyo monocentric concentration and support for the capital function relocation agenda ▪ The steady progress towards political decentralization reform 	<ul style="list-style-type: none"> ▪ Structural disadvantages vis-à-vis Tokyo. Unfavorable intergovernmental relations: the central government is the cause and result of the structural disadvantages ▪ Globalization amplifies the structural disadvantages ▪ Osaka Prefecture suffers from particularly serious fiscal crisis
<p>Local institutions: Local culture, history and ecology</p>	<ul style="list-style-type: none"> ▪ Tokyo overwhelms the neighboring polities though its economic might ▪ Cautious cooperation between Tokyo and its neighbors ▪ With economic centrality, TMG takes the political leadership in the region ▪ Strategic identity as the state economic champion defines the common interest and the basis of the regional cooperation 	<ul style="list-style-type: none"> ▪ Rivalries and conflicts existing between the local governments ▪ Including physically diverse, large sections of rural areas along major metropolitan areas ▪ The business sector active in local governance and reform towards regionalism and decentralization ▪ Mistrust between the private and public sectors while acknowledging the need for cooperation
<p>Urban politics: Urban regime and political arena</p>	<ul style="list-style-type: none"> ▪ A league of governors/mayors forms a loose coalition for urban functional planning and regional political goals ▪ The core political-economic alliance functions through LDP to make major urban policies of regional/national significance in Tokyo. 	<ul style="list-style-type: none"> ▪ The private sector and the public sector agree on the demand for decentralization but cannot create strong coalition ▪ A firm alliance between the governors of the core prefectures, Osaka, Hyogo and Kyoto exists, making slow and modest but steady actions for regional development.

Table 7-1 (continued from the previous page)

	Tokyo	Osaka
<p>Politics of scale: Scale division of labor and scalar expressions</p>	<ul style="list-style-type: none"> ▪ The regionalism advocated by the Capital Region Summit stood on the existing scale of local government system. ▪ The core alliance of LDP/economic elite/TMG implemented politics of scale by which the ideology of global-urban competitive nexus replaced traditional national scale state developmentalism ▪ Decentralization and regionalism are different matters 	<ul style="list-style-type: none"> ▪ Private sector presses to break state-centralized nested scale system into regional economic scale ▪ Governors of Kyoto, Osaka and Hyogo try to pursue a scale of public values in their regionalism to balance against economic needs. ▪ Decentralization and regionalism are complementary for local economic development and political goals
<p>Discourse of place-making: Place identity and positioning</p>	<ul style="list-style-type: none"> ▪ TMG implements strategic discourse to re-identify Tokyo as the engine of Japanese economy by positioning it in the scale of global competition. ▪ With this, a functional urban region is demarcated for the place of the Capital Region, including only urbanized parts of the Tokyo area, for urban competitiveness and productivity. 	<ul style="list-style-type: none"> ▪ Leaders place “Kansai” in the local state scale having a horizontal (as in federalism) relation to the central state. Local identity and determination are part of regionalism ▪ Private sector positions Kansai-<i>shu</i> to defend local competitiveness. Coalition of three governors seeks regional space to resist the competitive logic and defends community values.

Table 7-1 (continued from the previous page)

	Tokyo	Osaka
<p>Conditions of regionalism:</p> <p>Scale of new localism</p>	<ul style="list-style-type: none"> ▪ Functional regional planning and development is the main form of regionalism and scale. ▪ Regionalism strengthened the vertical relations between the central and TMG. ▪ Regionalism as voluntary cooperation among the local governments is still tentative. 	<ul style="list-style-type: none"> ▪ Regionalism is a means to achieve higher local autonomy with the political scale of local state. ▪ Horizontal intergovernmental relations make slow progress between three prefectures. ▪ Economic logic by itself fails to progress regionalism. It requires political ideas.
<p>Story of regionalism</p>	<p>With the discourse of global economy and competitiveness, and the reality of Japanese economic crisis, the core political power of the state, in which TMG is central, implements regional urban redevelopment in Tokyo for the “national” interest. Neoliberal market principle and devolutionary denationalization characterize this “national” political ideology as opposed to the traditional Japanese national interest. Tokyo’s Capital Region Megalopolis plan symbolizes this ideological shift.</p>	<p>The most fundamental issue facing the leaders of the Kansai region is the resurgence of Tokyo-oriented urban development policies adopted by the central government. The private and public leaders of the Kasai region share the same sentiment that they have to stand for strong political independence for local statism. Regionalism is the instrument for the economic and political resurrection of Kansai.</p>

Tokyo and Osaka largely share the same structural factors such the demise of the growth era under globalization, the post-bubble economy recession, the public sector fiscal crisis and the decentralization reforms. Yet, these forces have had diverging bearings on the two city-regions. For Tokyo, they turned out to be a rather fortunate break: their most feared structural condition, the Tokyo relocation agenda was discarded and replaced with the re-emergence of Tokyo-centered “national” developmentalism. On the other hand, the impact was just the opposite for Osaka: the renewed Tokyo-centered state policy, combined with the globalization effects advantaging Tokyo, created a very bleak picture for Osaka’s prospect. However, it was not that the fortunate event just presented itself to Tokyo. On the contrary, the governor of TMG strongly influenced it as a powerful national political figure through the arena of ruling political party. Leaders in Osaka, who are also one way or another affiliated with the ruling party, are aware of this. The neighboring local governments of TMG opportunistically support TMG’s assertion that the capital region is the engine that can pull the Japanese national economy back to normal; the economic elites in the Osaka area try to counteract to the re-concentration at the capital region by pressing local politicians for regional economic planning. The strategy TMG took to influence the central government and its neighboring leaders was a politics of scale towards global-urban nexus. In this scalar nexus, TMG projected itself as the most competitive city-region in Japan. With this, it pressed the need for the central government to reinvest in the Tokyo area for competitiveness, argued for neoliberalism in place of the even national development subsumed in the Japanese political system, and persuaded the neighboring leaders to consider the capital region as the space of urban functionality for competitiveness. The rationale is based on the “national” interest but the

ideological goal is highly biased towards the development of powerful Tokyo at the cost of the rest. The central government decision makers went along this concept of political economy.

In the Osaka area, the private sector, having seen the historic pattern of Tokyo's growth sponsored by the central government, determines that they can reassert their economic strength only after having their own political representation at the local level. With this conviction, they have gone a great length to organize private-public partnerships for the goal of local state making. The proposal for Kansai-*shu* is analogous to a revolution calling for the declaration of local independence. However, its extensive size, spanning over nine prefectures to collect resources from as wide areas as possible, is found unwieldy for consensus making. The rural/urban diversity and historic local identities within the region cannot tolerate the economic interest's "concentration-and-command" single-mindedness for competitiveness. Against this deadlock, the governors of the core prefectures Kyoto, Osaka and Hyogo slowly implement rescaling towards regional local state based on the scale that balances the need of economic growth and the public values of equity and democratic procedures. Nevertheless, Kansai's private and public sectors agree that they have to strengthen local autonomy and that they have to make regional cooperation for that purpose. For the leaders of all sectors in Kansai, the centralized nested government system, which allows the central government to privilege Tokyo, has to be changed. In this way, in Kansai, regionalism and decentralization are combined for political ends.

The above comparison of regionalism in Tokyo and Osaka reveals the strategic interactions between the two areas: economic and political impacts flowing from Tokyo

to Osaka while policy initiatives taken at Osaka to respond. As a matter of fact, these flows of political and economic influences and policy counteractions are not direct. Rather, they are conducted through the policies implemented by the central government. It is the central government from which TMG gained the national champion status while leaders in Kansai negotiate with the central government for political autonomy. Thus, it is important to include the central government for analysis to fully understand the nature of competitive interactions between Tokyo and Osaka and their regionalism. To this end, the following section conducts an analysis that situates the rivalry between Tokyo and Osaka in the historic developments of the Japanese political system traced in Chapter IV.

Process of Rescaling in Japan

The following Figures 7-1a, -1b and -1c represent the relationship between the international/global economy, Japanese central government, subnational governments (prefectures and TMG) and local governments (cities). For simplification, the explanation includes only TMG, Kanagawa Prefecture and Yokohama City as local governments in the Tokyo area, and Osaka Prefecture, Osaka City, Hyogo Prefecture and Kobe City as counterparts in the Osaka area. Kanagawa Prefecture is the largest among the neighboring prefectures of Tokyo and Yokohama City is its capital. The statuses of Hyogo Prefecture and Kobe City are the same to Osaka. These three stylized figures represent three distinct stages of Japanese political system and their vertical and horizontal intergovernmental relations as ideal types.

Figure 7-1a

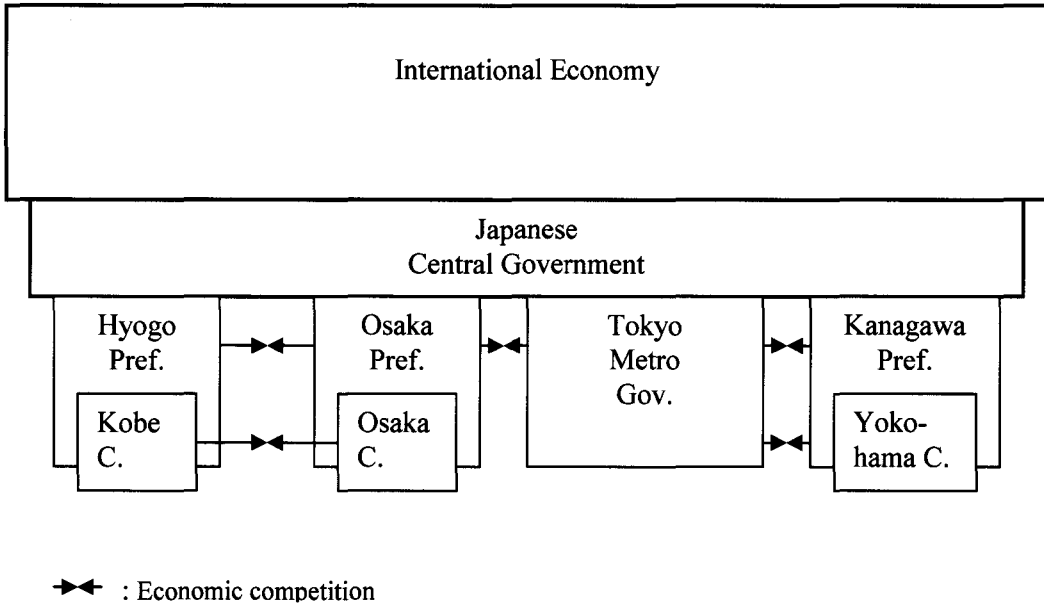


Diagram 7-1a describes the conditions under the centralized developmental state traditional to Japanese political system. The relationship between the central government and local governments are hierarchically connected with central bureaus administering a welfare state system. Clientelism makes sure local needs are reflected through central-local political channels. Prefectures are local agencies for the central government to supervise local standards of living and redistribute economy for even national development. Prefectures supervise cities likewise. As explained, Tokyo has a metropolitan government. TMG implements the distributive and redistributive functions through their ward system. In this state system, horizontal relations are competitive despite the redistributive policy because the local governments compete for central resources. As for economic development, the central government directs industries and

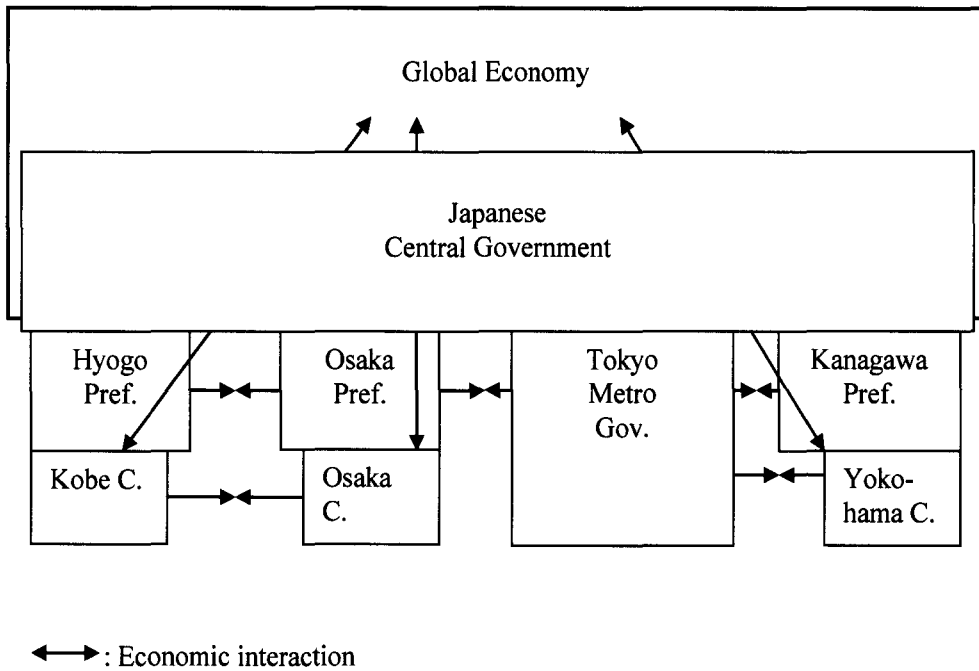
manages international trade negotiations, by which definable national political/economic boundaries exists in the international market.

With this centralized developmentalism and welfare state system, Japan's national economy and local governments experienced a robust economic growth since the post-war period of the 1950s until the 1980s. Tokyo grew more rapidly and widely than the rest of the state as the capital, where the centralized political system created the concentration of politics, economy and culture. Competition existed between local governments: Osaka always tried to narrow the gap against Tokyo. Within regions, Osaka City and Kobe City were competitors. Yokohama City also competed against Tokyo. Kobe and Yokohama were rivals as Japan's international ports. Vertical conflicts existed as well. Rivalries between Yokohama and Kanagawa, Osaka City and Osaka Prefecture, and Kobe and Hyogo were often fierce. Yet, as a system, cities nested in prefecture governments, which, in turn, nested in the national state as a single political system for overall national identity and development. Tokyo's growth was accepted as a national symbol in this political structure.

This nested harmony of the post-war Japan started to dissonate in the 1980s. The negative aspects of the centralized political system, such as oligarchy, clientelism and Tokyo's substantial outgrowth over other areas caused corruption and extreme land prices in the capital region. These problems were described as the consequences of the Tokyo monocentric concentration. This led to a political environment calling for reforms in the 1980s. Since then, neoliberal reforms towards privatization and decentralization have been major Japanese political issues. One of the most important political decisions made during this period was the resolution to promote the relocation of capital function.

It was considered the best policy to solve political, economic and social problems festered the Japanese society during the post-war growth era. At the same time during the 1980s, economic globalization was gathering pace with increasing foreign direct investments and liberal international trade policies among advanced nations. In this environment, Japanese national economic barriers and boundaries were also becoming porous. Tokyo was booming during the 1980s because of the success of central government trade/industrial policies, expansionary government spending and intense land market boom. However, as the 1990s began, so did the demise of the upward-slope economy. A combination of Japan's integration into the global economy, consequent domestic economic policies and the economy booming on highly speculative investments conspired to create an economic crisis with sudden downturns and prolonged recession through the 1990s. This was called the burst of the bubble economy. It marked an economic and political turning point. The bubble burst stirred loss of confidence in the Japanese centralized developmentalism and local political leaders invigorated their demand for political autonomy. The call for the relocation of capital continued. After protracted negotiations, a comprehensive decentralization bill passed in the late 1990s, granting increased administrative autonomy to prefecture governments. The following Diagram 7-1b describes the Japanese political conditions of this period.

Diagram 7-1b



Compared to the previous picture, the national economy is increasingly included in the global economic system. The linkages between the central government and prefectures have become weaker under decentralization reforms. Meanwhile, cities have increased their economic power and political strengths during this period. As the actual sites of production and headquarter functions in the global economic networks, cities have become directly connected to the global economy. These effects have caused the loosening of the nested system. As Japan's world city, Tokyo particularly benefited from the global economy while Osaka lost many business headquarters to Tokyo for an increased Tokyo monocentric concentration. Leaders in Osaka looked for solutions in regional, long-term development plans in the late 1980s, including a key major project, the Kansai International Airport completed in 1994.

In the latter half of the 1990s, the seriousness of the Japanese economic problem deepened and the central government made frantic public expenditures to stimulate economy. However, they turned out not only ineffective but exacerbating the situation. The public investments created huge budget deficits in the central as well as local governments. Osaka Prefecture became the most troubled under this condition. Ambitious projects, including the Kansai International Airport, failed under the recession only to leave massive public debts. To make the matters worse, corporate taxes declined partly because of few businesses in Osaka making profits and partly because many left to Tokyo. At the central government, to solve the economic crisis, the Economic Strategy Conference was convened between August 1998 and February 1999 to recommend a Tokyo-centered urban revitalization. Neoliberal economic policy believers took the decisive influence in this conference to reform the inefficiency of Japanese centralized developmental welfare state. It is important to remember that then prime minister who sponsored this conference first resisted following the urban oriented neoliberal policy recommendation. It was the interest groups based in Tokyo that changed the direction towards the urban-oriented policy and to redevelop the capital region. In this way, the interest of TMG and real estate/construction industries based in Tokyo was strongly reflected in this policy solution and the geographic political economy of national state was rescaled from the nation-wide to the urban. Shintaro Ishihara, who became the governor of TMG in April 1999, was a part of this interest group. Having being elected as the governor of TMG, he moved to convince the central government to take up TMG's regional urban development plan as the state urban renaissance plan. This worked. The central government virtually canceled the capital relocation agenda in 2000 and shifted its

development policy back to Tokyo-orientation in 2001 to accept accelerated Tokyo monocentric concentration.

Meanwhile, having seen the regional economic development plans and its main project, the Kansai International Airport, failing, the business leaders in Kansai became increasingly desperate. The policy decision by the Economic Strategy Conference to reinvest in Tokyo confirmed the re-strengthened alliance between the central government and the interest groups in Tokyo. In 2002, Kansai's economic leaders convened for their own version of economic strategic conference, the Kansai Industry Competitiveness Conference. Among many recommendations, a regional development plan called Kansai-*shu* model was published. Its main objective was to gain local political autonomy, which was believed essential for local economic development. The private leaders have since tried to persuade Kansai region's public leaders to follow the Kansai-*shu* model.

Diagram 7-1c

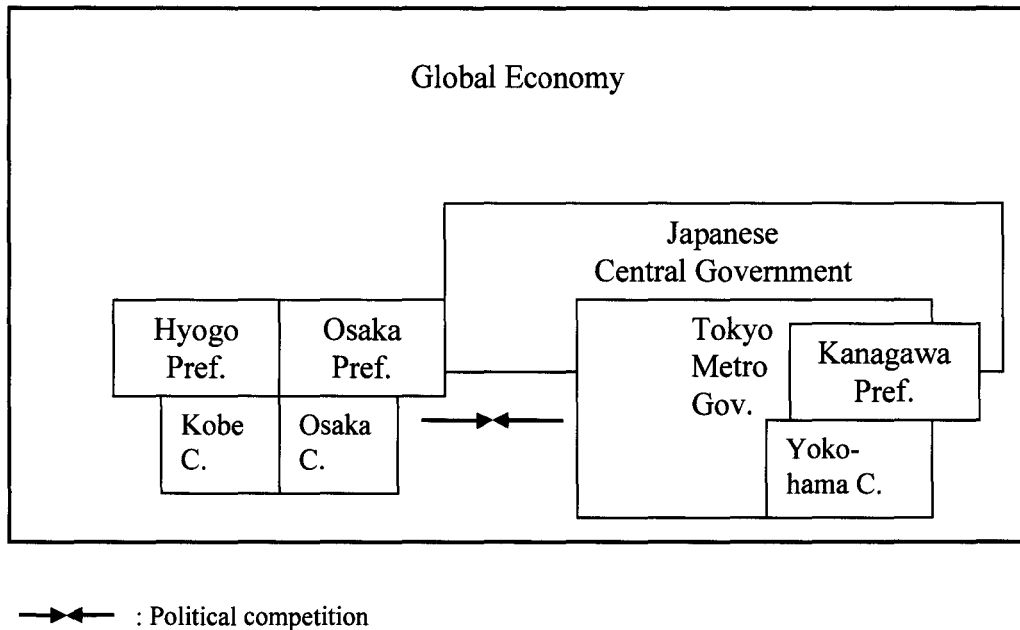


Diagram 7-1c depicts the conditions under this political development. The central government and TMG/the capital region increased political linkages, with neighboring local governments opportunistically aligning themselves with the Capital Region Megalopolis plan, which includes only urbanized areas as functional regional planning. Thus, regionalism is not very political and is a separate issue from local autonomy and decentralization in the capital region. Instead, the goal of the regionalism is to increase the competitiveness of the capital region in the global marketplace through improved urban functions. This economic goal justifies that the central government supports further Tokyo monocentric concentration. In response, the leaders in Kansai, despite disagreement on ultimate objectives, cooperatively seek local autonomy from the central government. They pursue substantive independence from the state scale system which privileges Tokyo. To make this separation economically feasible, some sort of regional

cooperation is inevitable. The public leaders resist the urgent, extensive and top-down regional governance method subsumed in the Kansai-*shu* model; the public sector groups together, particularly between Kyoto, Osaka and Hyogo prefectures, towards local political independence towards local state in the global market. In this way, in the Osaka area, decentralization and regionalism are complementary and conditional for each other.

The combined effects from the urban-orientation in the central government/TMG and the local statism in the Kansai region amount to weakened nested state system in which local governments will find themselves more exposed to the global economy as illustrated in Diagram 7-c.

Decentralization, Regionalism and Globalization

The above section made an accentuated review of the historical process in which Japan and its two world cities have experienced political rescaling and regionalism. Based on this case study, this section looks into the relationship between decentralization, regionalism and globalization for theoretical understanding.

Decentralization has been an important political agenda since late 1980s in Japan. During the 1990s, political debate for decentralization grew to a major political battle between local government leaders and the central bureaucracy. Eventually, the struggle gave the birth to a historic legislation of the Comprehensive Decentralization Promotion Law in 1999. This law allowed prefectures for an equal legal status with the central government for political sovereignty. Although its substance was rather limited, it became a turning point for further decentralization negotiations.

The reason behind the political thrust toward decentralization in the late 1980s and early 1990s was the economic polarization in Japan, known as the Tokyo monocentric concentration, the cause of which was Japan's traditional political system and policy. Globalization of economy helped Tokyo's superiority over other Japanese cities but this was not a crucial factor for the Tokyo monocentric concentration. Tokyo became dominant during the 1960s after its hosting of Olympic Games, i.e. before globalization. Thus, it was the policy, political structure and socio-political culture that turned Tokyo to a giant in Japan. After long campaigns mainly fought by local leaders, particularly governors, the Comprehensive Decentralization Promotion Law of 1999 was passed to change this centralized political culture.

Regionalism became a major political topic in the Osaka area in the 1980s, when the growth gap between Tokyo and Osaka became particularly conspicuous. Figure 7-1b represents the political developments in this period. Explanations for the accelerating economic growth of Tokyo in this decade include that Tokyo was a world city in the globalizing economy. However, Tokyo's world city status was a result from years of central policies giving advantages to Tokyo. Against this background, Kansai's first major regional development planning took place in the 1980s as a response to such Tokyo-biased central government policies. In contrast, there was no remarkable regional planning initiative taken by the local governments in the capital region during the same period. The Capital Region Summit already existed in the 1980s but their activities were very limited.

In the most recent regionalism in Tokyo and Osaka, which were explained in the above section with Figure 7-1c, we see important differences between the two areas.

Regionalism in the capital region was considered irrelevant to local decentralization demand. It was purely functional to improve the quality of urban life in the capital region for global competitiveness. In contrast, regionalism and decentralization are highly integrated in the Osaka area. There, regionalism was considered a necessary condition for decentralization: regionalism was expected to produce economic vitality and to provide collective identity to support the political claim for local sovereignty over claimed space.

The differing natures of politics of scale engaged in Tokyo and Osaka account for the difference in the nature regionalism. The central government was in deep trouble in the late 1990s under severe economic recession. With then new decentralization law having being passed, the scale of national state was changing, yet not fundamentally from the traditional hierarchical nested system. The politics of scale promoted by Tokyo Metropolitan Government and its core coalition swept away the hesitation felt by the central administration for neoliberalism. The TMG-based coalition placed Japan in the global scale. With this competition framework, they succeeded in identifying Tokyo as Japan's growth pole in the global scale of economy. In this scale division of labor and place identity, Tokyo positioned itself as the champion of the national economic interest. Under the dubbed scales of the nation and Tokyo, the capital region projected itself as the nation. Local decentralization of the capital region was not an important issue in Tokyo and decentralization and regionalism were not connected.

On the other hand, the leaders in the Osaka area find the need to fight off the Tokyo-oriented state development policy. Their politics of scale begins with the denial of the scale of national state. They identify their region as sovereign local state in the global market and position it as a peer to the central government/Tokyo coalition. In their scale

division of labor, the Kansai region, however its space is defined, is a space of the political economy of Kansai in the global-local scale. Consequently, in Kansai, regionalism and decentralization are mutually reinforcing, integral elements of local statism.

The two Japanese world cities take different paths to pursue regionalism under globalization. Yet, fundamentally, both act for economic survival, which became the main goal of local governments under globalization. The motivation behind Tokyo's regionalism is to reestablish its economic supremacy. On its way, it persuades the central administration to give up the welfare state model. Meanwhile motivation behind Osaka's regionalism is to achieve economically viable decentralization in counter to the political alignment between Tokyo and the central government. This shows that new economic reality of globalization echoes in differing ways in the horizontal as well as vertical intergovernmental relations of Japanese political system. Uneven impacts of globalization on cities and their competitive prospects propel local leaders to respond politically and in different manners for their best interests. Intergovernmental relations, both vertical and horizontal, are the main policy instruments for the leaders of Tokyo and Osaka areas in their political actions. In Japan, it is these locally-initiated policy interactions that are creating decentralization and regionalization. These political interactions for rescaling at the local level are the consequences of globalization.

Rhetorical Process of Regionalism

Local leaders in Tokyo and Osaka implemented politics of scale. The attempt of the Tokyo Metropolitan Government (TMG) for functional regionalism was successful in

that the central government adopted the scale division of labor designed by TMG while the neighboring governments acceded to the tenets of TMG's regional planning: the capital region was the economic engine of Japan, capital function should not be relocated, and the state should redevelop the region accordingly. On the other hand, TMG's regional planning was not successful in that the neighboring local governments were not involved in the decision-making processes of the regional plans. In the Osaka area, its private sector's regionalism plan faced a stiff resistance from their public counterparts. Realization of Kansai-*shu* model proposed by the Kansai Economic Federation (KEF) appears very remote unless provided with some unexpected breakthrough. In the meantime, a coalition of the three governors from Kyoto, Osaka and Hyogo share the same idea about the future of the Kansai region and is making gradual steps towards regional solutions. If regionalism was defined stringently as the voluntary intention and capability to collaborate for common goals over mutually shared political space, the coalition of the three governors is making the best progress among the three attempts.

Table 7-2 compares the elements of discourse identified in the place-making in these three cases (scale division of labor, scale structure, identity, positioning).

Table 7-2

	KEF	Three Governors	TMG
Scale division of labor	<ul style="list-style-type: none"> ▪ Kansai region representing local economic interest ▪ Kansai region standing as a local state in the global economy 	<ul style="list-style-type: none"> ▪ Kansai region representing local public responsibilities ▪ Kansai region standing as a local state in the global economy 	<ul style="list-style-type: none"> ▪ Capital region representing the national scale as its champion ▪ Capital region representing Japanese nation state as its world city competing in the global economy
Scale structure	<ul style="list-style-type: none"> ▪ Global-local scale 	<ul style="list-style-type: none"> ▪ Global-local scale 	<ul style="list-style-type: none"> ▪ Global-national/local scale
Identity	<ul style="list-style-type: none"> ▪ Local state ▪ Space of economic growth 	<ul style="list-style-type: none"> ▪ Local state ▪ Space of public community 	<ul style="list-style-type: none"> ▪ National champion ▪ Space of urban competitiveness
Positioning	<ul style="list-style-type: none"> ▪ Local state vis-à-vis other world cities ▪ Central gov/Tokyo vis-à-vis Kansai nexus 	<ul style="list-style-type: none"> ▪ Local state vis-à-vis other world cities ▪ Central gov/Tokyo vis-à-vis Kansai nexus 	<ul style="list-style-type: none"> ▪ Japanese world city-region vis-à-vis other world cities ▪ Central gov/Tokyo vis-à-vis the rest of Japan

The objective of politics of scale is to create and justify a particular spatial scale by which shared interests and mutual-dependence of communities are claimed in spatial form. Identity based on the space of shared interest and mutual-dependence is the bases for local state. The analysis in this section examines the process by which discourse assists political actors to assert the legitimacy and relevance of their scalar definitions and territorial claims. Regionalism is considered an example in which place-based identities and interests are produced through politics of scale. Redefining of spatial identity and regionalization of local governments are implemented by an adoption of new scale while there factors occur recursively and in mutually reinforcing manners. The following three

regionalism attempts in Japan explain the interactive process of new scale adoption and redefining of local identity and its positioning.

KEF's goal is to establish a space of economic growth in Kansai. This is positioned against the central government/Tokyo coalition in a scale division of labor because KEF believes political autonomy conditional for local economic growth. Therefore, identity of local state status is essential for them to develop a regional representation of economic interest in Osaka. To justify this scale division of labor, they realize they need to establish a new scale order. The scale of Japanese state identifies all local governments positioned as members of the national state cooperating for national goals. Therefore, KEF needed to undermine this national state scale order to assert new political space in Kansai. To this end, KEF asserts the prevalence of global scale and its impact on the local economy of Kansai in the global-local scale.

The regionalism attempt by the coalition of three governors in Kansai also includes local state as its identity positioned against the central government/Tokyo coalition. However, the scale division of labor assigned for their regional state includes public representation of all communities in the Kansai region (within their prefectures) as well as the economic interests of urbanized areas. Thus, the identity of their local state can be defined as a space of public interest. Yet, to emphasize the political independence from the central government, the governors also position Kansai in the global-local scale order, analogous to KEF's rationale.

TMG's strategy differs from these two regionalism actions in Osaka. Governor Ishihara's regional goal is to construct a competitive world city-region in Tokyo. With this identity, he argued for concentrated investments from the central government. To

rationalize this identity and policy, TMG position the space of Tokyo against other world cities as well as against the rest of Japan in the division of labor. TMG identifies the capital region as the national champion positioned as the representative of Japanese economic interest in the global-national/local scale order. In this rhetoric, the scale of capital region is dubbed over the scale of national. The national economic interest and the capital region's competitiveness are equalized as the interest of Japanese nation state. In so doing, Tokyo's politics of scale stimulates politics of scale in other locales. The stronger Tokyo's politics of scale becomes, the more urgent for the leaders of Osaka, among other local leaders, to implement their own politics of scale to establish regional political economy through local statism.

Regardless of the differences in the three politics of scale, a common factor exists. Their rhetorical claim for the existence of global scale is virtually unquestioned. Economic globalization and subsequent need for local competitiveness are accepted as given by decision-makers at national and local levels. This strongly helps to make arguments plausible for the repositioning of local identity and reframing of regional territories of common interest. The acceptance of global scale in place of national control over the economy of nation state is the basis for the politics of scale by local leaders and for the regional rescaling from below. Rhetoric matters in this politics of scale.

From Below Rescaling to the Limits of Urban Politics

Politics of scale implemented by Japanese local leaders described above exemplifies from-below restructuring of intergovernmental relations. TMG conducted bottom-up political rescaling to change the nature of external structures to their polity.

The centralized developmental welfare state pursued in the traditional Japanese political system was a constraint for Tokyo to enhance its competitiveness in the global marketplace. Given this, TMG changed the nature of state political ideology toward urban-centered neoliberalism through its politics of scale. Japan's top-down "nested" political system has been restructured as a result. The consequent regional revitalization plan allowed the capital region to improve its position in the global marketplace. In response, the political leaders in the Osaka area campaigned for stronger local autonomy while taking steps to increase regional political integration. In this way, the leaders in the Osaka area also reconfigure the hierarchical nested system of the Japanese political system, through which it also aims for better competitiveness.

These local political initiatives of Japanese world cities demonstrate the capabilities of local leaders to alter the nature of structural constraints from below. The interactions of politics of scale between the central government and local governments illustrated through Figures 7-1a, 7-1b and 7-1c in the above section is the trace of from-below political changes, where local actors increasingly made policy decisions of national influence. This shows the capability of local leaders restructuring the central-local government relations. This capability should be taken into consideration in order to understand the urban political decision process. This is particularly so under globalization because globalization provides local leaders with more opportunity for politics of scale as explained in the above section.

Local Resistance to globalization

The above analyses indicate that the concepts of “local community” and “local interest” are determined by the scalar perspectives with which political leaders view their political space. The most relevant scalar perspective to define the “local community” and “local interest” are, in turn, determined by perceived advantages: differing special scopes of political territory are compared and the “most advantageous” is determined politically. In the past, the political sovereignty of the central government and their scope of nation state as the common political territory were unquestioned in Japan. This concept of national interest is now manipulated as well as challenged by local leaders.

In Tokyo, TMG adopted the scale of global-national/local order. In this scalar order, they identified a functionally-defined urban area as the capital region and positioned it as the economic champion for the Japanese nation while the other parts as inconsequential. Consequently, only those areas contributing to the competitiveness of the capital region should be included in the capital region. In Osaka, the three governors similarly adopted the scale of global-local order. However, in addition to economic advantages, they consider political autonomy and community values as well for the ideological basis of territorial scaling. Therefore, although economic development was an important goal, their space of region is inclusive, covering rural areas as well as urbanized places. In this way, relevant scale and space are politically determined, rather than rationally, for “local interest,” “local community” and, thus, the space of local state.

The political determination of scale suggests possibility that local communities can resist the rescaling towards economic competitiveness promoted under the economic globalization logic and defend territorial integrity based on communitarian values.

Indeed, in the Osaka area, politics of scale based on communitarian values have been resisting KEF's Kansai-*shu* model designed for "concentration and selection" strategy. Elite economic motivation tries to pull resources within a political territory towards the most strategic "growth pole" to implement orchestrated development policies. The economic "pull" destroys existing scale of communities by marginalizing public values supported under existing administrative boundaries. In Japan, prefectures tend to maintain a sense of spatial commonwealth through redistribution between the urbanized and rural areas within their territories. In the Osaka area, Hyogo, Kyoto, Nara, and Shiga prefectures insist on the public values and have been successful in fending off the economically-driven regionalism, which tries to concentrate resources only on competitive areas and divest itself of rural/uncompetitive areas. In the Tokyo area, Chiba Prefecture persistently resists the regional influence of Tokyo's economic growth. Its governor, Akiko Doumoto launches her politics of scale to stress "Chiba Sovereignty" and to establish a place-based identity that can resist Tokyo's economic logic towards functional regionalism. In contrast, at the state level, the economic competitiveness logic appears winning: the regime based in Tokyo has successfully rescaled the spatial meaning of "national" interest to adjust to uneven development located in the strongest global city-region.

The case of Japan shows that national state is vulnerable to the competitiveness arguments raised by its growth pole, Tokyo. After all, the scalar interest of the central government is aggregate. What matters is the sum of its subnational governments and their economies. Thus, sacrifice of part for overall growth is a viable option for the central government. Even local government officials accept this decision logic, "As the

representative of the nation state, the central government is obligated to invest in the strongest cities” (from interview). The contradiction of concentrated urban investment while implementing decentralization reforms occurs under this condition. Japanese post-bubble-economy recession occurred mainly as a result of policy failures at the central government. It can be argued that now globalization is politically introduced by strong local leaders based in Tokyo to counter these policy failures for their advantages. What followed in this politics of scale is the breaking up of a “space of community.” The Japanese national community was divided into the economic champion deserving of national investments and the rest.

In the capital region, the space of community defended by prefectures is being divided into areas that are competitive and those that are otherwise. In Kansai, the logic of “concentration and selection” will be a constant threat to the public values protected by the existing government space. Viability of the resistance against globalization exhibited by these government leaders depends on the fundamental question: when, on what ground and on which scale the scope of government vis-à-vis the market system should be modified.

CHAPTER VIII

CONCLUSIONS

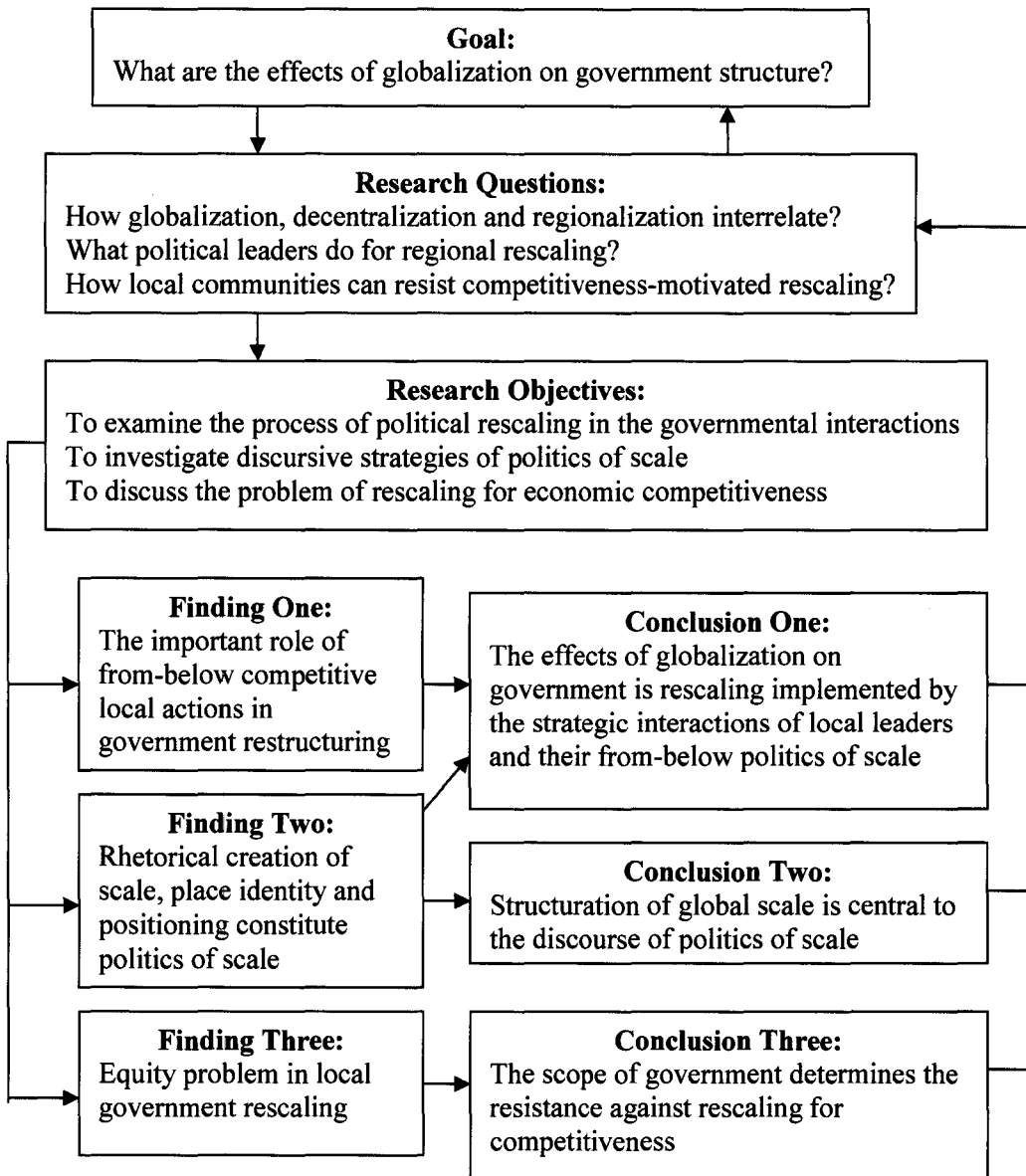
Overview

Based on the analysis results discussed in Chapter VII, this chapter responds to the research questions described in Chapter I, namely: 1) how globalization, political decentralization and local regionalism interrelate, 2) what political leaders do to implement regional rescaling under globalization, and 3) how local communities can resist the rescaling driven by economic competitiveness. This chapter concludes this research with an overall conclusion and implications for future research.

Research Goal, Questions and Findings Scheme

Before starting concluding descriptions, a schematic diagram (Figure 8-1) would help to clarify the relationships between the research goal, questions and objectives on the one hand, and the feedback loops from research findings and conclusions to the research questions and goals on the other hand.

Figure 8-1



The overall goal of this research is to clarify theoretical ambiguity as to the effects of globalization on government structure and intergovernmental relations. Available theories in the literature tend to explain only certain aspects of governmental structure affected under globalization. Generally, these theories are limited in capturing the dynamic political reactions and interactions, horizontally as well as vertically, among various levels of governments. For example, many observe the declining control of national government over local affairs. World cities theory asserts the emerging significance of world city networks and declining importance of national states. Regulation theorists explain the “hollowing out” of national governments and “glocalization” based on central government neoliberal policies. Economic geographers describe the formation of new regional economic agglomerations, again undermining the relevance of existing political boundaries and national political space. Others observe increased local political activities under globalization. New localism stresses increased local political activities under globalization. Some see regionalism occurring based on the reassertion of traditional local identity and history. On the other hand, there are researchers who insist on the remaining influence of the national government and the firmness of the nested institutions mediating global economic forces on cities and local governments. New localism and cultural identity regionalism include from-below intergovernmental political actions. Nested scale theory also explains interactions between different levels of governments. However, they do not see competitive interactions between local governments in relation to the central government involvement. This study, on the other hand, has taken a holistic approach to examine strategic interactions between different government actors competing for central

government aid as well as for higher economic growth to explain the dynamic nature of political restructuring resulting from economic globalization.

In the remainder of this section, I will connect the political actions and developments of the Japanese case study explained in Chapter VII to the research questions to respond to the research goal. The findings obtained from this study are based on a single case study including only two observation sites. Thus, extrapolation of the finding to other countries and environments is not warranted. The purpose of discussions and conclusions in the following sections is to gain insights for further analysis and research.

How do globalization, political decentralization and local regionalism interrelate?

The first research question was posed as an operationalized form of government rescaling under globalization. Answers to this question directly account for the content and nature of globalization's effects on the existing sociopolitical institutions. After 1980's economic boom came the bust of the 1990s. The competition between local governments for central government aid became particularly acute, accentuated by a plan to move the capital from Tokyo to a new location. Now it became Tokyo that had the highest stake in the central government decision. To convince the central government of the continued viability of Tokyo as Japan's world city and economic engine, TMG launched a regional development plan that would make the city competitive in the top-tier world city league. The retention of the capital and further investments in Tokyo by the central government were the objectives. Tokyo's neighboring governments could not complain despite the fact that TMG, without consultation, made development plans to

their territories because of their need for TMG's economic strength and capital status.

TMG in practice sold this regional planning to the central government along with a new political ideology that justified further investments in Tokyo despite furthering uneven national development. The central government had a reason to buy this plan: it had to agree that the rebuilding of Tokyo was the most effective way to reverse the economic crisis and compete in the global economy. The scale of the national state had been reduced to the size of its world city. These developments in Japan contain all the elements of globalization theories on government change:

- The hierarchical effects of world cities and the increased economic importance of city relative to the national government
- The national government accepted the glocalization of Japanese state
- New regional economic agglomeration became the basis of a local planning scope
- A local government successfully changed the national urban policy
- Historic identity of Tokyo was used to portray it as the core of its region as well as the center of Japan
- Tokyo still had to rely on the planning authority and finance of the national government for the revitalization of the capital region

If the story of Japanese government rescaling had stopped here, no new theoretical proposal would have been needed. But it did not. The number two city-region of Osaka was particularly alarmed by the further coalition between the central government and TMG. It responded it with two fronts: demand for political autonomy,

along with other local government leaders, and the plan for regionalism to enhance economic capability and independence. Some other regions considered similar plans. The motivation behind this from-below government rescaling efforts was strategic: recognizing what was occurring in the competitive environment and what would likely to happen in the future, the leaders of Kansai region took actions. It was a response to a competing political action rather than to simple global economic effects on local governments. Osaka's leaders still tried to receive financial aids from the central government but they were opportunistic efforts; the intention for local statism among the leaders was firm. The consequence was one step toward a fragmentation of once a solidly centralized unitary state as explained in Chapter VII.

In this way, uneven economic effects of globalization were translated into political competition between within-state rivals over central government aid. Given the lack of central help, leaders of the regions that missed central government aid sought local statehood. For the economic viability of the local state, the leaders implement from-below regionalism campaigns along with decentralization efforts. The consequence is the combination of decentralization and regionalization under globalization, explaining the effects of globalization on political system and the mechanism and political logic involved in such restructuring.

This theoretical approach to globalization and its effects on government do not contradict existing theories in the literature. On the contrary, as described above, this local strategic interactive approach supplements them by weaving them together. By introducing the strategic actions of local actors to the existing theories, it can reconcile theories considered contradictory; such as world cities thesis and the nested scale theory;

and state glocalization and new localism; as relevant aspects of political dynamics demonstrated in the actions of local leaders and in their relation to the central government. .

What do political leaders do to implement regional rescaling under globalization?

The second question is about the content of from-below political actions implemented by local leaders. Specifically, the analytical subject is the function of rhetorical arguments political leaders use to reformulate the concept of place identity and positioning for institutional rescaling. This study observed three political discourses of regionalism. Although the progress, status, and strategies of the regionalism actions taken by KEF, Kansai's three governors and TMG differ, they all try to establish global scale as given rhetorically and explain the need for competitiveness under this scale. Based on this new framework, political leaders then maneuver the concepts of place identity and positioning to redefine who and which areas share common interests and what are the threats to them. Identities of individual membership to place would also be assigned during this process (Smith 1992). Through this rhetorical process, political elites rescale the space of local commonwealth. In other words, discourse on global scale can trigger a new scalar sociopolitical structure. Human agent's political actions for the existence of global scale and its effects on places can be raised to a social structure. This research provides an empirical account of global scale being turned into structural reality through a politically motivated rhetoric process.

How can local communities resist the rescaling driven by economic competitiveness?

The final objective of this study is to develop arguments that build normative grounds for the scope and role of local governments under globalization. This study has observed the tension, contradiction and correlation between political scale and economic scale. Politics of scale implemented by the Japanese central government, Tokyo Metropolitan Government (TMG) and the Kansai Economic Federation (KEF) fundamentally attempt to redefine what areas are in their core space of economic development and what others, outside the space of shared economic interest. The discrimination function of scale to determine insiders and outsiders is palpable, implicating economic improvements of one group at the cost to the others. This observation demonstrates that ideology of political economy has strong bearing on the determination of scale. As described in the above section, the effects of globalization are rhetorically amplified. TMG and KEF both tried to justify their rescaling by resorting to this rhetoric to defend the legitimacy of exclusively defined spatial interests.

The politics of scale being pursued by the governors of Kyoto, Osaka and Hyogo is rooted in the desire for political independence from the central government as well as from the global competitiveness logic. For them, economic growth and regionalism are means to this end. Their resistance against the economic determinism has been firm but it is uncertain as to how much longer they can sustain it. The economic conditions of the area continue to stagnate under Japan's prolonged economic recession. Fiscal conditions of the three prefectures are under severe constraints. This prompts the question, should they resist globalization? Should they not rather concentrate resources on their growth pole? The answer exists in the logic of competitiveness promoted by TMG and KEF. As

explained above, their rescaling logic creates winners and losers and would continue to do so in search of most competitive core urban region under the scale of global economy. This pursuit of competitiveness cannot sustain democracy, for equitable participation is denied. In addition, such society would severely undermine economic vitality, for society without institutional trust lacks economic capabilities (e.g. Amin 1999; Healey 1999; Putnam 1994). More importantly, the pathological social consequences of divided unproductive society must not be forgotten.

The logic of competitiveness is the logic of market that demotes the “space of community” to the scale of sectionalized competition. A local leader in the Osaka area explains, “After all, the market principle has the centralization tendency regardless of the scale. One of the important roles of the public sector is to adjust this tendency to maintain balance...For this purpose, regionalism in Kansai makes sense. It is a means to defend the local communities” (from interview). The role of local governments exists for this very objective when the logic of global competition is taking the upper hand and the space of the nation-state is giving in to this logic. It can be argued that local governments are in a better position to promote the scope of the public sector than the national government because the proximity to citizens is closer and geographic diversity is less. Local governments should not hesitate to defend community values through the concepts of “space of community” and intrinsic interest of place.

Rescaling the city limits: implication for new urban model

It is the politics of scale referring to globalization and played out in the domestic political environment of Japan that created new tension to the economic interests of

various local governments, which were previously fixed at the national scale. In this politics of scale, this study showed that local leaders have had significant impacts in the rescaling of Japanese political structure. Defining the global as the scale for new local identity and positioning, local political leaders can and do change the nature of the political and economic constraints that have been limiting the scope of local policy choice. Consequently, the model of urban development and politics should reconsider the theses of the “city limits” and “dependent city.” The constraints imposed by the intergovernmental relations and local economic conditions in the global marketplace should be relaxed to accommodate the from-below capability of local polities implementing regional rescaling.

Conclusion

This study demonstrated the capability of local political actors in shaping the form and scale of government and governance in the global economy to fully account for the effects of globalization on the structure of government. We observed the centrality of local actors in rescaling of government that resulted from globalization by observing decentralization and regionalization activities in Japan.

Globalization no doubt includes purely economic impact on various localities and scales of communities. Yet, reactions to it by decision-makers appear incapable of being purely economic. Local leaders, facing the effects of the globalized economy more directly than their national counterparts, restlessly attempt political responses. This research finds that their main policy instrument is the intergovernmental relations, both horizontal and vertical. Their sense of competition against other locals in the central-local

distributional relations accentuates their policy decisions. For Tokyo, its competitor was the rest of Japan demanding the relocation of the capital whereas, for Osaka, it was the regime of Tokyo/central government elites. In their strategic rescaling efforts, the leaders of both regions implement rhetorical politics to adopt a new scale of socioeconomic order. This amounts to the creating of a new social structure by human agents. This structuration imbeds globalization and its scale in any future policy decisions, including local and national political restructuring, as a defining structural force.

If these developments were consequences of human behaviors, then the space of community should also be created by human ideas and political actions. As stated above, local leaders and their claim for public space appear better positioned to achieve this than the national leaders.

Implications for Future Study

The findings and conclusions from this study cannot be generalized. Case study of Japan and its world city-regions have a virtue of being extreme case, where theoretical implications from research findings are amplified. It is a useful approach to gain insight for a particular research question but it is not designed to obtain generalizable findings applicable to larger societies without cautious qualifications.

The logical next step is research to confirm claims made in this study: the centrality of local leaders in rescaling, their from-below capabilities, the crucial function of inter-local rivalries over central government involvement as rescaling motivation, and the rhetorical creation of the global scale. Also, Giddens's explanation of structuration needs to be confirmed (for example Archer (1995) challenges his thesis). Comparative

study across different countries and quantitative methods including international data are two feasible research designs for this purpose.

Another claim made in this research in need of further confirmatory research is the development of urban politics model accommodating from-below restructuring capability of local leaders. From-below rescaling, such as substantive regionalism, is indeed an option for local leaders but only very sparingly exercised. On the other hand, there appears a clear trend for regional economic development strategies, called for by the chamber of commerce, other economic development organizations and local political leaders. Therefore, research question can include the identification of the conditions that are conducive to regional economic planning from below.

The rhetorical process of rescaling in the politics of scale needs further examination. The findings in this study are preliminary. This subject can be expanded into many directions, including the issues of epistemology and power. The main importance would be the relationship between scale, space and polity and the rhetorical and discursive elements. The relationship between discourse and material orders to determine the scale and political space is crucial to define the scope of government under globalization.

Finally, as policy analysis, the function of rhetoric in politics of scale may provide planners with tools to promote new scale concept. For example, environmental issues can be approached as policy for the adoption the global environment scale. Issues such as NIMBYism, sprawl, traffic congestion, and urban school quality are issues of scale and externalities. Application of rhetorical politics for rescaling of community might be of use.

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Curriculum Vitae

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Education Ph.D. Urban and Public Affairs, December 2005 graduation applied
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Field specialization: Urban Planning and Development
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in the Globalized Economy: A comparative study of two
Japanese global city-regions"

Master of Marketing Research, December 1998
The University of Georgia

Master of Business Administration, November 1996
Heriot-Watt University (UK)

Diploma in Marketing, February 1993
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Work Grand Valley State University, School of Public and Nonprofit
Administration
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Experience

University of Louisville, School of Urban and Public Affairs
Graduate Research Assistant, August 2001 – July 2005

Wilkerson and Associates, Louisville, KY
Survey Research Project Manager, February 1999 – February 2001

University of Georgia Small Business Development Center
Research Intern July 1998 – December 1998

- Teaching Experiences** Grand Valley State University, School of Public and Nonprofit Administration
Winter Semester (Jan. – May) 2006 (scheduled)
 “Public Administration (PA270),” “Public Policy (PA495)” and “Public Policy Analysis (PA616)”
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 “Public Administration (PA270),” “Local Politics and Administration (PA307),” “Public Policy (PA495)” and “Performance Measurement and Benchmarking - Program Evaluation (PA551)”
- University of Louisville, Political Science Department
Spring semester 2005
 “Urban Politics and Government (POLS 305)”
- Teaching Interests**
- Urban Politics and Government
 - Urban Policy and Planning
 - Globalization and Cities
 - Economic and Community Development
 - Metropolitan and Regional Governance
 - Research Methods
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- Metropolitan Economic Development
 - Regional Governance
 - Globalization and Cities
 - Civic Culture and Institutionalism
 - Urban Political Economy and Policy
 - Space, Scale and Scope of Government
 - Comparative Urban Development
- Scholarly Research**
- Works in Progress
- “Globalization and Urban Governance: A Comparative Analysis of Decentralization in World Cities,” submitted to refereed journal (with Ronald. K. Vogel).
- “Political Culture and Urban Policy in Louisville (tentative title),” in Reese Laura A. and Raymond A. Rosenfeld, eds. *Civic Culture and Policy-Making* (tentative title), Georgetown University Press (with Ronald. K. Vogel and Hank. V. Savitch).
- Conference Presentations
- Proposed for the 36th Urban Affairs Association Conference in Montreal, Québec, April 2006.
- 1) “Discourse in Politics of Scale: A Comparative Case Study of Japanese World City-Regions”
 - 2) A colloquy, “Governing cities in a global era” with other seven discussants

“Roundtable on Comparative Civic Culture” presented at the 2005 Canadian Political Science Association annual meeting in London, Ontario, June 2005.

“The Global Economy and Government Restructuring: Politics of scale in Japanese world city-regions,” presented at the 35th Urban Affairs Association Conference in Salt Lake City, UT, April 2005.

“Globalization and urban governance: A comparative analysis of decentralization in world cities,” presented at “‘City Futures’ – an international conference on globalism and urban change,” sponsored by University of Illinois, Chicago, July 2004, (with Ronald. K. Vogel).

“What Produces Governance Restructuring, Globalization or Politics? A Comparative Investigation of World Cities,” presented at the 33rd Urban Affairs Association Conference in Cleveland, OH, March 2003 (with Ronald. K. Vogel).

Professional Services “Regional Consolidation: Preliminary Feasibility Study” for the Grand Rapids Area Chamber of Commerce (in progress)

Focus group, Learning Outcomes Assessment, for the School of Urban and Public Affairs, University of Louisville, September 2003.

**Seminar/
Professional
Training** “Workshop on Globalization and Cities” at the American Political Science Association meeting in Chicago, sponsored by the Comparative Urban Politics Related Group, Chicago, Illinois, September 2004

Kentucky Chapter of the American Planning Association;
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**Honors &
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**Statistical
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Languages English and Japanese