

URBAN DEVELOPMENT PARTNERSHIPS
IN INDUSTRIAL CITIES

by

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Table of Contents

Abstract	-----	5
Chapter 1	Introduction-----	6
Chapter 2	Kawasaki, today and tomorrow-----	11
I.	Background-----	11
II.	A long-term prediction for Southern Kawasaki----	14
A.	Economic and social changes-----	14
B.	The possibility of a new public-private partnership organization-----	19
III.	Interviewees' view on the redevelopment of Kawasaki and a new partnership-----	21
1.	General-----	24
2.	Factors of industrial strength-----	26
3.	Concerns for redevelopment-----	27
4.	Political power centering on the Central Government-----	29
5.	More contingencies-----	31
6.	Conflict between the Prefectural Government and the City-----	32
7.	Weak local autonomy and underserved citizens	33
8.	Obstacles for forming a new public-private partnership organization-----	33
9.	Poor record of citizenship-----	37
10.	Scarcity of leadership-----	40
IV.	Problems of the existing partnerships-----	42
V.	Modification of my prediction-----	50

Chapter 3. The Newcastle Initiative (TNI) and The Lowell Plan Inc. (TLPI) -----	57
I. TNI -----	57
II. TLPI -----	59
 Chapter 4. Cross-Case Analysis-----	 63
I. Implication of institutional transfer and crucial socio-political factors-----	63
II. Cross-case analysis-----	67
1. Evolution-----	67
2. Goals and objectives-----	87
3. Structure, function, and membership-----	92
4. Responsibility-----	102
5. Style of action-----	108
IV. Other issues-----	113
1. Connection between economic and cultural development -----	113
2. The role of academia -----	115
VI. Alternative organization-----	115
 Chapter 5. A model, its applicability, and the factors to make it happen -----	 120
I. Two-phase dynamic model-----	120
II. Mechanism of resident participation-----	125
III. Actors, causes, trends, timing, and incentives to make the model happen -----	128
 Chapter 6. Conclusion -----	 139

MAP 1	-----	144
MAP 2	-----	145
MAP 3	-----	146
MAP 4	-----	147
PHOTO 1	-----	148
Appendix A	-----	149
Appendix B	-----	153
Appendix C	-----	157
Bibliography	-----	165

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ABSTRACT

By comparing two western models: The Newcastle Initiative (TNI) from Newcastle, England and The Lowell Plan Inc. (TLPI) from Lowell, Massachusetts, I build a model partnership organization and examine if it is applicable to Southeastern Kawasaki, Japan. These three cities share similarities in terms of the history of industrialization and these similarities would suggest the possibility of establishing a new public-private partnership for Kawasaki. Unlike the manufacturing industries of Newcastle and Lowell in the past, interviews suggested that those of Kawasaki, especially small and middle-sized local companies, have enough technology to survive. But in the long term, Kawasaki will experience similar socio-economic decline as the western models.

TNI is a nonprofit pro-development small efficient government designed to revitalize the local economy by building a better image for its city. TLPI is also a nonprofit private corporation whose function has changed from a planning and policy making body to marketing, promotion, and fund-raising. These western models turn out not to fit Kawasaki perfectly, but I recommend the development of a partnership organization based on many of their attributes. A private corporation, the largest land owner in Southeastern Kawasaki, should take the lead for the private sector understanding its corporate responsibility in the area, the City should stimulate it and residents, and academia should contribute to their collaboration in forming a partnership for Kawasaki.

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Chapter 1. Introduction

This thesis is a comparative case study of public-private partnerships in Newcastle upon Tyne (Newcastle), England and Lowell, Massachusetts with application to Kawasaki, Japan. With a complex political situation, the southeastern part of Kawasaki consists of a fully built-out industrial area and a mixed use area for housing, industry, and business. I am an international student studying institutional arrangements suitable for urban development in Kawasaki. I have become interested in public-private partnership organizations in the U.S and the U.K. and researched two organizations in particular and learned lessons from them. In this thesis I will build a model partnership organization and examine if it is applicable to Southeastern Kawasaki. I chose The Newcastle Initiative (TNI) from Newcastle and The Lowell Plan Inc. (TLPI) from Lowell because I believed that these two cities share similarities with Kawasaki in terms of their industrialization history. These similarities would suggest the possibility or desirability of establishing a new public-private partnership for Kawasaki as both a solution for the city's problems in urban redevelopment and as a tool for improving its urban environment.

My focus is on the organization of development rather than on specific projects or on general public-private relationships. TNI and TLPI are legally formalized public-private partnership organizations upon which I base this case study. My focus does not include government initiatives, quasi-public organizations, or joint government-private sector activities in which both government and private organizations work together on a specific undertaking. I do not discuss special policy arrangements between governments and the

private sector, such as tax incentives, enterprise zones, land acquisition assistance, tax increment financing, impact fees, and linkage fees. Rather, I highlight organizational structure, function, responsibility, and style of action. Also, the process of establishment is discussed in detail.

I have some limitations in achieving the purpose of my thesis. My attempt to transfer western-style organization to Japan would confront cultural differences in the nature of economy, politics, and society among three countries. I cannot discuss all detailed differences and similarities which would be raised when these three countries are compared. This is because I lack experience and knowledge of the U.K. and the U.S. sufficient enough to articulate differences and similarities among the three countries. But I can formulate them from what I have experienced during current two-year study at Massachusetts Institute of Technology in Cambridge, Massachusetts and field research in British cities. The cities include London, Bath, and Newcastle. There are other limitations. The major limitation is my English proficiency. It affected the accuracy of information obtained from interviews held with a British and an American interviewees. The minor limitation is scarce resource of comparative study in city planning between Japan and western countries. Especially, organizational studies of this kind are scarce.

From the mid 1970s through the 1980s, many cities in the U.S. and the U.K. were experiencing a decline in governmental resources, and their local governments began to face a shortage of funds for urban development. However, during that period and afterwards, resources continued to be available in the private sector. Some segments of the private sector actually increased in financial strength and stability and

came to understand better the potential contribution they could make to the economic and cultural development in their own cities. As a result, the private sector and local governments made cooperative commitments to revitalize their own cities. Many public-private partnerships were formed in cities including Newcastle, England, and Lowell, Massachusetts.

In this coming decade, due to rapid industrialization, Kawasaki may experience negative urban impacts for the whole community. Newcastle and Lowell have faced similar economic circumstances, and are now trying to revitalize their local economies through cooperative organizations. These public-private partnerships have been managing development projects well. In the 90s, Kawasaki will need to immunize itself against economic and social decline by learning from places like Newcastle and Lowell, and apply those lessons to its urban redevelopment. In my view, the 1990s would be an appropriate time to set up a partnership representing as many different interests as possible and to promote desirable changes in the urban environment.

For this thesis I make predictions for the southeastern area of Kawasaki. In a preliminary prediction, I raise de-industrialization as a major problem. After analyzing interviews held in Japan, I make only minor modifications on the de-industrialization-oriented prediction. But in the course of cross-case analysis in this thesis, I conclude that a real problem is the decline of the quality in human resources.

In modern Kawasaki, a situation similar to Newcastle and Lowell exists. The city's key manufacturing industries, consisting of steelmaking, shipbuilding, and petro-chemicals,

were major participants in the Japanese industrialization during the post war period. Depending on numerous, small and mid-sized industrial companies with disadvantageous employment conditions, the industrialization created one of the most unpleasant, urban environments in Southeastern Kawasaki. This environment included polluted water and air quality; lack of recreational space, lack of cultural facilities, and lack of advanced educational resources; and low quality housing. These factors caused people to label Kawasaki as a bad-image city. Because a short-term slowdown in kawasaki's growth was predicted two decades ago, industries were able to avoid major damage due to small and mid-sized companies' ability to respond to the slowdown with technological innovation and their flexible labor able to change occupation. More recently, Kawasaki has begun to experience the restructure of its manufacturing industries and the threat of deindustrialization. Some large corporations have diversified into high-tech fields, but others have moved production overseas. Yet industries are facing a more serious problem, the decline of the quality in human resources. This decline will be deteriorated by an inter-relationship among the unpleasant urban environment, the aging population, the increase in the number of immigrants, and the unpopularity of the manufacturing industries as an occupation for young people.

To attract human resources with better quality, the restructuring industries will have to search for a solution. The most effective solution is to improve the unpleasant environment of Southeastern Kawasaki and the bad image of the city, which have been causing the decline of labor quality. But it is not a task of one company alone. The City of Kawasaki and its residents may have different interests but both will need a new organization to redevelop and improve

the city. A partnership between the Private and the public sectors would be one of the best means.

In this thesis, I recommend the development of a partnership organization for Kawasaki. I describe The Newcastle Initiative and The Lowell Plan and compare these organizations. My focus is on why and how those institutions have evolved in their particular economic, political, and social circumstances. After examining the structure, participants' representation, and the decision-making process in each of the organizations, I classify the similarities and the differences between the organizations, seek out their sources, and indicate the implications for Kawasaki. I construct a model private-public partnership and examine to see if it is applicable to Kawasaki. Finally, I articulate what will make my model partnership organization happen, formulate trends, causes, and major actors for its establishment.

Chapter 2. Kawasaki, today and tomorrow

I. Background----- A brief history, geological characteristics, and public policy

In the Edo Era (1603-1868), when Japan was governed by a feudalistic samurai society, Kawasaki flourished as the second post town next to Tokyo (Edo) along the south side of the Tama River, one of the largest rivers in Japan. After the Meiji Era (1868-1911), when a centralized regime governed the country under the Tenno system, Kawasaki City became the site of a number of factories. Thanks to the advantage of water transport via the river and the proximity of Tokyo and Yokohama, the two largest cities, Southeastern Kawasaki started to evolve as an industrial city. Since then, it has begun to form, with Tokyo and Yokohama, the most industrialized area in Japan. Although the area was virtually destroyed in World War II (1941-1945), the south of the city experienced rapid reconstruction as a center of Japanese re-industrialization soon after the war. The northern part experienced massive housing development, as one of Tokyo's suburbs, and resulted in a sharp increase in population. For the last three decades, Kawasaki has been known as one of the most developed industrial cities in Japan. At present, over fifty leading corporations have their factories in Southeastern Kawasaki, including petro-chemicals, electronic machinery, steel and other metal making, ship-building, and car manufacturing.¹

It is difficult to find a boundary of urban form between Kawasaki and the two adjacent cities, Tokyo and Yokohama (Map 1 and 2), because they have been urbanized with no vacant land between them. Throughout the whole region the major

industrial and housing areas have spread beyond city boundaries. With its physical similarity to the surrounding cities, Kawasaki is socio-economically dependent on Tokyo and Yokohama. Most residents of northern Kawasaki work in the two cities, and the headquarters of most corporations within the city are located in Tokyo. As a result, the Kawasaki citizens' interests tend to focus more on the other two cities; important decisions of the corporations leading the regional economy are made in and for Tokyo. Sandwiched between Tokyo and Yokohama, Kawasaki has been a passthrough for people, goods and services, and money. Nevertheless, it has had a highly productive manufacturing base.

The population of the city is more than one million: the southeastern region is around 17% of the city total (Table 1). But most people in the region live in the central commercial district and the northeastern residential area. In the waterfront zone probably only twenty or thirty thousand live, while many people work there.

Table 1. Population

Kawasaki City	Southeastern Kawasaki
Population: 1,157,005 (Year 1989)	193,927 (Year 1989)
Area: 14,277 ha (35,280 acre)	3,868 ha (9,558 acre)
Distance from Tokyo: 15 km (9.3 mile)	

Source: City of Kawasaki, Industries in Kawasaki, February 1990, Appendix statistical data pp 2-5.

Kawasaki has been infamous for the substandard housing in the southeastern part and its polluted environment since the Japanese economy entered a rapid economic growth period in the early 1960s. During this period, a number of workers

migrated to the area. This was part of a general social relationship between the farming countryside and industrializing cities. During the 60s and 70s, the Japanese social structure was substantially changed by the wave of industrialization in large cities. Industrialization broke up the conventional structure of farming regions far away from the industrialized cities, producing a low income society as a seasonal labor force called "work-away-from-home" workers.² This society consisted of farmers who had to work in industrialized cities during off-harvest time in order to supplement their low incomes from farming jobs. They went to the cities alone leaving their families in the countryside and lived temporarily in substandard housing near the industrialized area where they were able to get jobs. The concentration of pollution created by the massive factories deteriorated the "work-away-from-home" society's housing environment.

In Southeastern Kawasaki, this unpleasant environment has changed very little while other industrial cities witnessed some improvement in their urban environments during the 1970s. After the Japanese economy began to grow steadily at the end of the 1970s, the "work-away-from-home" workers decreased in number and were almost replaced by a full time working class. However, the deteriorated environment of Southeastern Kawasaki remained.

From the mid 1960s to the 1970s, many Japanese urban residents began to consider it necessary to preserve the urban environment against pollution. In some cities, the middle class made efforts to protest on behalf of their urban environment. Such community movements, however, declined in the 80s, a steady growth period in the Japanese economy. Northern Kawasaki saw a great number of the middle class who

owned single family homes emerge. Most of them worked in Tokyo or Yokohama and thus had little interest in the southeastern urban environment though the center of Kawasaki to either city is less than ten miles. The City of Kawasaki, on the other hand, has become aware of its deteriorating urban environment, especially housing issues, but unfortunately, it has lacked expertise and resources. To improve the financing of urban improvements, the City recently has been orienting itself toward pro-development-"ism" for existing industry rather than protection-"ism" for the urban environment. Perhaps, the bottom line is that the City prefers industrial development due to its positive impact on the City's budget rather than housing development, which needs more public services, such as schools, police / fire-brigade stations and utilities, and therefore costs more.

II. A long-term prediction for Kawasaki

A. Economic and social changes

What draws my attention to Kawasaki is the specificity of its southeastern part as an industrial area whose northern part is residential and commercial. Southeastern Kawasaki is not only the most intensively built out industrial area with, in my view, the most unpleasant environment in Japan, but also is one of the areas which have recently increased their potential for redevelopment projects. The local, regional, central governments, and business communities have been interested in what will happen in this area.

As shown by Map 4, its land use is clearly divided into a residential zone and a commercial zone by an express highway running from Tokyo to Yokohama; the Tsurumi River runs along

its western edge. It was formed by landfill between 1920 and 1970 (MAP 3) and is primarily for industrial uses; housing and commercial buildings are located on the northern part of the railroad tracks. The coastal area of Kawasaki includes a waterfront zone and an industrial island (PHOTO 1).

Separating the two is a half mile wide canal used by ships bringing in industrial materials and leaving with finished goods. The waterfront zone has several sub-canal connected to the main canal and is occupied by power plants, oil and gas storage tanks, sewage processing plants, petro-chemical manufacturers, and steel-structure fabricators. The industrial island is occupied by a steelmaking plant, and oil storage tanks. I chose Kawasaki for my thesis because of the magnitude of redevelopment pressures, the potential for negative social changes, and the degree of unpleasantness in the urban environment. They have motivated me to find the best organizational arrangement to mitigate them.

My prediction is that in the long-term the manufacturing industries of Kawasaki, which have led post war Japanese economic growth, will experience a downturn. Just like industrial cities in the U.S. and the U.K., Kawasaki as a whole will experience negative impacts on its community's social and physical environment. The effects will be even more severe in Kawasaki because of three problems: first, fewer residents participate in the process of urban development; second, scenarios for the redevelopment of the community in Kawasaki are made by the City which is inclined to support the interests of large, private corporations and to neglect those of residents; and third, the private corporations are indifferent toward public benefits. Planners in the City focus on economic development but do not value social equity in urban redevelopment. Residents are excluded from the process of development in their own place. The

hardest situation will occur in Southeastern Kawasaki because its levels of physical environment and public services are already low and there is no resident participation in redevelopment projects. The people who will suffer directly or indirectly disadvantages from the negative impacts will be not only the residents of Southeastern Kawasaki but also the city's whole community.

The standard of living and the level of public services of Southeastern Kawasaki, which the economic and social changes will affect, are already as low as that of other industrial cities in Japan. Housing is narrow, built with cheap materials, and lacks privacy. Though the basic infrastructure, such as water supply and telecommunication systems, is equipped, the environment is not suitable for residential uses because the area's sewage and transportation systems are not efficient. The level of pollution probably exceeds government standards. The Tsurumi River, on the western edge of the focus area, and the canals are so contaminated by wastes from houses and industries in and around the city that dysentery was detected in the river by a public health agency some years ago. The air is also contaminated from engineering industries. The area does not have an advanced education system, the average education level of the area's residents is lower than that of other major cities, and some of them are forced to work in mid-sized or small firms, which do not pay well. Needless to say, they do not have enough time and money to spend on vacations. But there are few recreational and cultural places in this area for them. The area lacks parks, sports facilities, libraries, museums, theaters, and concert halls. The worst aspect is inaccessibility to the waterfront because of the industrial buildings. There are no open spaces, greenery, or walkways.

National highway projects will also have a negative impact on the environment of Kawasaki and of its southeastern part in particular. The Tokyo Bay waterfront expressway will be completed by 1994. It was planned to connect three of the most vigorous economic cities, Chiba, Tokyo, and Yokohama. Around the same time, Haneda International Airport, only several miles away from the island, will have been enlarged to handle more airplanes. By 1997, Tokyo Bay Crossing Bridge will have been constructed and will make a circular express road connecting Chiba, Tokyo, Kawasaki, and Yokohama. These tremendous developments in transportation systems will certainly fuel the Japanese economy; however, they will not improve conditions in Kawasaki. They will affect the community and local economy because improvements in transportation will allow more people and investments to flow into the area from other areas and increase the potential of inequitable redevelopment for the community.

Japan is experiencing significant social changes, including an aging population³, which will affect the city in the future. Southeastern Kawasaki will have more elderly people than other eastern cities, such as Tokyo, Yokohama, and Chiba. A governmental committee has estimated that by 2000, 15.6% of the population will be over sixty-five years old in Japan.⁴ Southeastern Kawasaki will have an even higher rate than 15.6% since it is already over 10%, 2% higher than the average in Japan.⁵ Not only is this the result of natural aging but the area has an old and industrial image. Since it is not a desirable place to live, the young are leaving to the suburban region of Northwestern Kawasaki, Yokohama, or Tokyo. Even if the young live in Kawasaki, they choose to work in more attractive cities, such as Yokohama and Tokyo, where there are higher incomes and more cultural

opportunities. Needless to say, this trend is the same in the U.S. and the U.K.

Another important social change is the growing population of foreigners. After World War II, the central government limited the number of foreigners living in Japan by imposing strict conditions on immigration permits. Until recently, this policy has not been a problem since Japan was a second-rate nation in terms of economic power, but today, economically competitive, this policy is certainly outdated. Since democratization has occurred worldwide, Japan's limits on immigration do not fit the direction of democratization in the current world. Though the percentage of foreigners is still small and official information on the current growth rate is not available, there has been a significant increase in the number of foreigners in Southeastern Kawasaki and part of Chiba where rents are cheaper than in other eastern cities because of their worse living environments. Attracted by Japan's strong economy and cheaper rents, many Asian people are coming to Kawasaki and Chiba. Those who have legitimate rights to live in Kawasaki come from South and North Korea, China, and the U.S. Other foreigners from Southeast Asia and the Middle East, such as the Philippines and Turkey, only have work visas, and live in Japan illegally for long periods. Though payments for their jobs are better than in their countries, their working conditions are very bad simply because they are not guaranteed the right to work. Some of them do not seem to get jobs. Others get jobs yet they send much of the cash earned home to their families living in their own countries. They do not spend money on better living conditions.

This immigration will further deteriorate the urban environment of Kawasaki. Living conditions for illegal

foreigners are becoming worse; poverty and crime are increasing because of their below-minimum living stipends and unemployment. Worse, there are conflicts between immigrants and longtime members of the community. Fortunately, but slowly, the government is developing new policies for immigrant issues.

In my view, these problems will increase the possibility of a new organizational arrangement for the whole community of Kawasaki to build democratically sound urban development plans and bring about a democratically sound urban development process, though what arrangement is appropriate is not clear to me at this point in time.

B. The possibility of a new public-private partnership organization

In Kawasaki or even in Japan, the citizen's right for equitable access to environmental resources is scarcely respected. The corporations that operate factories in Southeastern Kawasaki not willing to contribute to social benefits. Facing future economic and social problems, the local government, restructuring industries, and citizens will need a long term, new partnership for urban redevelopment in Southeastern Kawasaki because certain needs for realizing public benefits will converge:

- 1) industries will have to restructure themselves in an attempt to improve the image of the city and to attract a capable labor force;
- 2) residents will have to improve housing and living conditions, strengthen local confidence, and recognize diversifying ethnicity in the community; and
- 3) the local government will need to raise revenue to meet the needs of social welfare especially for the elderly.

Only a new type of development partnership will be able to link these different interests altogether. It is a new public-private partnership organization that has the possibility to meet these interests. The so called "third sector", the existing Japanese public-private partnership in urban and regional development, would be an alternative organization, but it is not suitable for realizing public benefits. I discuss later the problems of third sector organizations.

I will demonstrate that only a new public-private organization will have any chance of succeeding. If such a public-private partnership organization in urban development is created, it will be the best institution to promote a democratic and efficient development process. Its focus will be Southeastern Kawasaki. Coordinating different interests and balancing benefits for different entities, the partnership organization will be able to present a sound policy for redevelopment in Southeastern Kawasaki and propose how to implement it. It will be able to promote efficiently the rearrangement of land use by managing the exchange and purchase of land according to its redevelopment plan. More important, it will mobilize citizens to participate in the urban development process. This should be formalized politically and legally because formalization can make it clear who has responsibility and should have leadership. Responsibility and leadership should be better articulated than in the currently fragmented Japanese politics when urban development issues deal with different interests. This will be discussed more in a later chapter. (A redevelopment scenario is presented in Appendix C.)

Is my prediction concerning the long-term decline of Kawasaki correct? Interviews are one of the best methods to test my

long-term prediction for Kawasaki and to see whether or not a new public-private partnership is necessary in the redevelopment of Southeastern Kawasaki. Presented below is a summary of the interviews that I held from January 14 to 23, 1991 in Japan. Interviewees' views are grouped accordingly to these ten issues: general; factors of industrial strength; concerns for redevelopment; political power of the Central Government; more contingencies; conflict between the Prefectural Government and the City; weak local autonomy and underserved citizens; obstacles for the forming of a new public-private partnership; poor record of citizenship; and scarcity of leadership. My reaction to interview results will be presented after this section.

III. Interviewees' view on the redevelopment of Kawasaki and a new partnership

In January in Japan, I interviewed ten key figures involved in the redevelopment of Southeastern Kawasaki. These interviews focused on a set of key questions:

- i) "My prediction is that the manufacturing industries which have been leading the post war Japanese economic growth will enter into a downturn. Just like industrial cities in the U.S. and the U.K., Kawasaki will experience negative impacts on its community's social and physical environment. Do you agree?"

- ii) "The whole community will need to have a public-private partnership organization to revitalize the city. Do you agree?"

- iii) "If you do not agree, tell me your opinion about urban development in the future Kawasaki and problems."

iv) "What do you think has to be done to solve these problems?"

v) "Who should be involved? Who should lead? And what kind of institution is necessary?"

vi) "Do you think that partnerships on the American and the British models are applicable to Kawasaki?"

I selected people who represented the public sector, the private sector, and citizens. The interviewees were:

i) The Local Government:

a) Mr. Takestugu Kimishima, Executive City Planner, Section of Intra-city Rearrangement Planning, Department of Urban Rearrangement, City of Kawasaki

b) Mr. Ryoh Uemastu, Chief Planner, Department of Planning Management, Office of General Administration, City of Kawasaki

c) Mr. Nobuhide Kobayashi, Department of Building Ordinance Administration, City of Kawasaki

ii) The Prefectural Government:

d) Mr. Akio Baba, Manager, Department of Industrial Policy, Office of Commerce and Industry, Kanagawa Prefecture

iii) The Central Government:

e) Mr. Kimihiro Hashimoto, Office of Metropolitan Development Management, National Land Management Agency, Central Government

iv) Public investment agency

f) Mr. Yasuyuki Aida, Department of Urban Development, Japan Development Bank

v) Quasi-public agency:

g) Mr. Kazuhiko Abe, Japan Development and Planning
Consultant

vi) Private organization

h) Mr. Yukichi Inoue, Department of Industrial Development,
Kawasaki Chamber of Commerce and Industry

vii) Private development company

i) Mr. Atsushi Arai, Director of Kawasaki Branch Office,
Mistui Real Estate Development Corporation

viii) Voluntary organization and individual activist

j) Mr. Takashi Ito, Representative, Tokyo's Bridge
Preservation Group
Lecturer, Department of Civil Engineering, Husei
University, Tokyo

ix) Academic

k) Shun-ichi Watanabe, Professor, Department of
Architecture, School of Engineering, Tokyo Science and
Engineering University

When deciding whom I would interview, I decided to classify the categories of organization that they represented and asked Mr. Hideki Azuma, an urban planner, to set up interviewees for me. He is an urban planner working for NKK Corporation, a steelmaking and engineering company, which is trying to redevelop Southeastern Kawasaki through forming a partnership group among private landowners in the area. I requested some officials of the City's departments related closely to policy, planning, and redevelopment for Southeastern Kawasaki. Also, I listed a Central Government

agency because of its national development policy affecting the area; a Prefectural Government department because of its influential position between the local and the national governments; a public financier because of its potential impacts on decisions over the area's redevelopment issues; a public planning firm because of its expertise in organizing third sector institutions; the area's Chamber of Commerce & Industry because of its expected role to coordinate private companies' interests; a private developer because of its power to initiate projects in the area; a voluntary organization because of my interest in resident action; and academia because of its knowledge of western partnership. Mr. Azuma identified the eleven individuals listed above as those who would be sensitive to problems in the redevelopment of the area. Responses from these interviewees and related background information are described below.

1. General

I was surprised to discover that most interviewees disagreed with my long-term prediction for the economy of Kawasaki and suspect the applicability of western public-private partnerships to Kawasaki or Japan in general. They disagreed with my prediction because they had witnessed the city succeed in avoiding a regional economic downturn predicted by economists in the 1970s, and because they forecast over a shorter term than I did. Though they thought that the concept of public-private partnership organization that I explained would be necessary for equitable urban development some day in the future, they doubted whether it would be applicable to Kawasaki now or in the near future. The interviewees suspected the applicability of the partnerships that I studied partly because information on partnerships was not sufficient for them to judge the applicability and partly

because the interviewees believed that Japan is very different from the U.S. and the U.K. in terms of economy, politics, and society. Though most interviewees hesitated to present logical answers to my last question, Professor S. Watanabe expressed his opinion with a particularly understandable explanation. I will refer to his opinion in a later section where I will describe obstacles for forming a new public-private partnership for Southeastern Kawasaki.

A typical response to my forecast with respect to the manufacturing industries in Kawasaki was, as Mr. Hashimoto commented, "the manufacturing industries in Kawasaki does not show any sign of decline at present though nobody knows if they might be declining gradually in the long term." Mr. Kobayashi suggested, "probably in a decade Kawasaki will see no further negatives impact on its community's social and physical environment."

Most interviewees justified their optimistic comments by referring to the fact that the manufacturing industries in Southeastern Kawasaki has overcome a couple of economic downturns within a decade. The manufacturing industry has maintained competitiveness and even transformed itself to more sophisticated industry with R&D functions strengthened. In the middle of the 1970s, many machinery builders moved out of the city because it was time for the renewal of fixed assets and the Central Government drove them out by enacting laws to forbid factory expansion and new construction in urban cities. Facing this, the City worried about an economic downturn and inner-city problems in the region and sought a strategy to prevent it.

Thanks to both the need for housing and the quality of small or middle size companies trading with the large manufacturers

who move out, the city secured its urban environment from deterioration. Though the trend of manufacturers' moving out left land temporarily vacant and much wooden housing abandoned in Southeastern Kawasaki, many redevelopment projects created better apartment housing. The trend also did not hit employees of the small or middle size companies which had traded with the moved-out manufacturers. Mr. Kobayashi suggested three reasons for this: first, working class status was not hereditary, thus unemployment was temporary; second, the small or middle size companies had been dealing with technological innovation and did not depend on only one larger company, thus they survived; and third, "work-away-from-home" workers, who were the majority of the unemployed during the downturn, went back home to the countryside and were replaced by full-time workers. For another decade, he concluded, industry will be able to sustain its competitiveness acquired through the absorption of negative economic changes.

2. Factors of industrial strength

The industries of Southeastern Kawasaki have benefited not only from the city's advantageous location but also from their own progressiveness. Mr. Aida and Mr. Uematsu identified the city as one which is in close proximity to Tokyo, the demand generator, and one which has a highly accumulated industrial structure. The major industry is high-value-added "mechatronics," which is the technology of electrified, computerized production developed in the machine industry. The mechatronics industry has helped the other industries accumulate in Southeastern Kawasaki and is a good partner for the producers of conventional materials, such as steel, aluminum, plastics, and fine chemicals.⁶ These producers, who employ a large number of workers in the region, are regarded

as vulnerable to economic depression, but a close relationship to mechatronics is contributing to their stability. Comparing Kawasaki to Lowell and Newcastle, interviewees agreed that these advantages had been sustaining the area's economic stability and will contribute to do so in the future.

"A non-double deck structure," Mr. Uematsu commented, is another characteristic which has helped many industries accumulate. Small or middle size companies need not deal exclusively with a large manufacturer to survive because they own special technologies on which many large manufacturers have to depend.

In relation to the non-double deck structure, companies, whether small or large, have been investing in research and development. Even if service industries replace mass production oriented manufacturing industries as in the U.S. and U.K., Mr. Uematsu forecasted, "the R&D function of the manufacturing industries will grow more, and Kawasaki will continuously be successful in the economy." His forecast is based on the fact that the existing manufacturers have enforced their R&D sections for years. Since R&D needs other functions, such as top decision-making, management, sales, and production involved in R&D, the industrial function of the city will be maintained. The data about industrial progress collected by the City in 1990 show that Kawasaki is the most advanced industrial city in Japan.⁷

3. Concerns for redevelopment

The industries in Southeastern Kawasaki seem to have the ability to improve their industrial function when encountering negative economic trends: however, there are

some concerns. The first is de-industrialization. The cost increase created by the high currency exchange rate of the Yen to the Dollar and the high prices of land have decreased the export of mass-produced goods and forced industries to move to overseas sites. Some production in Kawasaki has migrated to Southeast Asia and Western countries.

The second is the highly congested physical environment of Southeastern Kawasaki from the point of view of industrial redevelopment policy. Mr. Abe commented that the land use in the area is not efficient because there are intricate land ownerships and there is much idle land within factory sites. The industrial waterfront lacks land which is changeable to public open space and vistas to the coast. The mixed use area creates an unpleasant living environment. Both areas lack sufficient sewage and transportation systems. The land use of each area is regulated either as "industrial use only" or "industrial use with some exceptions including housing and others." The interviewees regarded this land use problem as coming from an unexpectedly fast industrial evolution, not as the result of a scarcity of public policy controlling resource distribution or urban design. Mr. Aida explained that the undesirable physical environment of Southeastern Kawasaki has resulted from the fact that fixed assets and land use regulations had not caught up with the direction and speed of change from capital intensive to intelligence intensive industry.

The third is an image problem. Mr. Kobayashi was concerned that the city has been unable to improve its bad image. An unpleasant urban environment has created a bad image perceived by the public across the whole country since the Post War period. He speculated that the city has not accumulated cultural resources because it is a relatively new

city to which people started to migrate to live, work, and locate industries only after World War II.

4. Political power centering on the Central Government

The City also has an administrative problem. The city planners whom I interviewed commented that there is too much intervention by the Central Government in decision-making for the City's industrial development policy. Until recently the industrial activities in Southeastern Kawasaki have been heavily dependent upon a national plan made by the Central Government. For historic reasons, everyone in Japan has taken it for granted that the Government will take care of the area which had brought about the national economic resurgence in the world economy after World War II. But, politically, local public officers are seeking to transfer much of the legal authority out of the Central Government.

The four Ministries that now exercise authority in Southeastern Kawasaki are the Ministry of Transport, the Ministry of Construction, the Ministry of International Trade and Industry, and The National Land Management Agency. Their purposes of intervention are fragmented and confuse the City officials. The Ministry of Transport intervenes in the land use of the waterfront area. The Ministry of Construction, which administers housing supply through its agency, tries to promote residential use in idle land. The Ministry of International Trade and Industry regulates the location and expansion of factories. The National Land Management Agency was established some years ago to coordinate the other Ministries in urban and regional planning and development. It is implementing a Metropolitan Redevelopment program in which Kawasaki is regarded as one of the core cities supporting non-production businesses rather than industry which the City

wants to support. But other Ministries have continued to intervene in the City.

Public officers in the planning section of the City and those of the Ministries seem to argue constantly with each other. Every time the City makes industrial development policy and implements it, the four sub-autonomies intervene. Mr. Kobayashi condemned it as "struggle for the roped place." Mr. Uematsu confessed, "the City is going its way, not following the national industrial policy because the policy is not applicable to Kawasaki at all." Mr. Kimishima asserted that the Central Government should have a straightforward administrative structure and a unified policy for the urban redevelopment of Kawasaki. What is worse, is that similar administrative boundaries exist in the City. Several years ago, the City created a new division to deal with the intervention of the four Ministries, but unfortunately, it abolished the division because of a bribery scandal involving the division a few years ago. Mr. Hashimoto criticized the City's efforts in coordinating different interests for urban redevelopment.

The major part of the fiscal budget of the local government in Japan is paid by the Central Government's grants every year. The Central Government has had tremendous power over its counterparts in approving large scale development. With over ten thousand authoritative actions, such as approval and verification, the Central Government is scattering about one hundred million dollars in over two thousand grant programs through the prefectural governments to local governments each year.⁸ As long as the local government does not have its own policy for large scale development, all that it has been able to do is to follow the Central Government's policies.

5. More contingencies (pointed out by the interviewees)

To resist influence from the Central Government, the City has appointed officers and planners with expertise. However, according to the interviews, the future of Southeastern Kawasaki will become more contingent upon the fragmented intentions of governments at different levels, whether Central, Prefectural, or Local, and those of industries located in Southeastern Kawasaki. The Central Government, on one hand, is trying to drive factories out of the area, allowing ministries to promote different scenarios for their favorite land use, such as non-production business use supported by The National Land Management Agency, and residential use supported by the Ministry of Construction. The City, on the other hand, is trying to retain industrial production functions in the area with both non-production businesses and housing. The Prefectural Government is keeping its hand off the issue to avoid more political confusion. Outside the political arena, the industries are leaving their futures to economic downturns and upturns. Mr. Kimishima identified a steelmaking and heavy engineering company as the most important variable for the future of Kawasaki. He emphasized that the future of Southeastern Kawasaki is dependent on how the company will change in reaction to changes in the regional industrial structure because the company owns 800 ha (1,900 acre), or 50%, of Southeastern Kawasaki.⁹

Almost all of the interviewees agreed that it is time for the local government to emerge as one of the leading organizations for local urban development. Many Japanese local governments like the City of Kawasaki have recently become proactive. For years the local governments have been condemned for dependency on the Central government for policy-

making and financing. But recently, they are making efforts to escape the influence of the Central Government by strengthening the Mayor's leadership and city officials' expertise and increasing its revenue from local taxes up to forty percent of the total, though the residual is still from grants of the Central Government.

6. Conflict between Prefectural Government and the City (expressed by interviewees)

On the redevelopment issue of Southeastern Kawasaki, the City is as hostile to the Prefectural Government as it is to the Ministries. Mr. Kimishima and Mr. Uematsu expressed the same opinion----that the Prefectural Government should transfer all its legal authority for urban planning administration to the City. They argued that the prefectural city planning executive council holds decisive power over urban development projects in cities and hinders the City from making redevelopment projects in Kawasaki work efficiently. Also, Mr. Kimishima criticized the Prefectural Government by saying that the department of commerce and industry, which deals with the City on redevelopment issues, is divided into two semi-autonomous parts with separated policies; therefore, leadership does not exist. Even more surprising is that Mr. Baba, an official of the Prefecture, asserted that the Prefectural Government should transfer its authoritative power in urban planning to the City.

Mr. Baba speculated on a reason for the improperness of the Prefectural Government in a regional and local political context. He felt that the current government is a classic after-image of the centralized Meiji Government from the late nineteenth to the early twentieth century, because it was one of the national agencies placed in prefectures by the

Meiji Government. The conflict between the Prefecture and the local government has resulted from the fact that the Prefectural Government has been inclined to represent the interest of the Central Government but not that of the local government.

7. Weak local autonomy and underserved citizens

Mr. Baba further commented on the weak authority of local autonomous bodies in major Japanese cities in comparison to rural Japan. Because the Liberal Democratic Party, the Japanese regime, has its constituency largely in rural Japan, national projects and the government's investment have a great relationship to the public benefit of rural residents. Another major constituency of the LDP consists of national corporations. They support neither the sustainable development of local economies nor the realization of better urban environment. The Central Government secures the interests of the national corporations through cooperative policy made with national organizations formed by all large Japanese corporations. Because of the dominant role of national economic development policy on local policy, the City, the representative for the local industries and residents, has not been able to make effective policy for its constituency. The interests of local industries and residents are not reflected in the national economic development policy nor realized effectively by the local policy makers. Nevertheless, the City tries to work for the community, yet with an emphasis on care for industry. Therefore, residents in urban Japan remain underserved.

8. Obstacles to the forming of a new public-private partnership (articulated by Professor Watanabe)

Professor Watanabe responded negatively to my question about the necessity of forming a private sector initiated partnership organization on the western models that I studied. Instead of directly denying the necessity, Professor Watanabe denied it indirectly by expressing his opinion on the roles of corporations, the City, and residents in urban development. Presupposing that there is not an absolute initiative for urban development in Japan, he recommended that it is the local governments that should initiate urban development because their bureaucratism and the technocrats are almost perfect [to carry out efficiently urban development projects.] Besides the responsibility of the public sector, he stressed, corporations also should take corporate social responsibility for urban development, but he did not recommend that resident should participate directly and unlimitedly in the decision-making of the City in urban development. This is not only because, in his view, resident participation often results in costly projects but because even without resident participation, the local government can themselves achieve the objectives for the residents, such as a better environment, equitable sharing of resources, and the securing of individual benefits. Nevertheless, he emphasized, what the Japanese should learn from the western models are their principles of urban development policy that advocate the public interest, redistributes benefits generated by the development to the public, and encourages the public sector to invest in the local economy.

Professor Watanabe described the style of Japanese urban development as one which is steered by large private corporations, not by public-private partnership organizations. He stressed that it is important to search the reasons why the institutional arrangement of partnership prevails in certain western cities, such as Lowell and

Newcastle, and why the corporatist style is dominant in Japan. He answered these from three aspects in Japanese urban development: the nature of the real estate market; corporate citizenship; and the degree of residents' political interests. First, he sees Japanese urban development as being steered by large private corporations, though influenced to some extent by public institutions, such as central government-created juridical foundations, municipalities, and the public sector initiated nonprofit development corporations called "the third sector." (the Japanese public-private partnership sector). The reason for this on the part of private developers, he explained, is that the Japanese real estate market mechanism has made urban development a highly profitable business due to the concentration of capital and political authority in urban areas: therefore private developers do not need western style partnerships, and the public authorities do not feel that they need partnerships to induce investment. Conversely, in the U.S. and the U.K. the real estate development business is riskier for both private and public developers because both people and capital tend to disperse to the suburbs or other regions, causing urban blight. But local public entities and local capital can never move out: therefore, the local governments responsible for public benefits and the local business communities aiming at long-term benefit have inevitably involved themselves in collaborative counter-actions to fight urban blight through forming partnerships.

Second, large Japanese corporations do not take responsibility for the social, economic, and physical improvements of the region where their businesses are based. Japanese capitalism in his view does not have a human face. Capitalism with a human face in the U.S. was, he expressed, characterized by the established principle of corporate

citizenship which their Japanese counterparts do not hold. He hypothesized that, if anywhere in Japan, public-private partnerships on the western model would be necessary in declining industrial cities, such as Kita-Kyushu, in Southeastern Japan, where the world-largest steelmaking corporation are eager to revitalize the urban area after its major stoppage of steelmaking operation through the cooperation with the City. But he sees that its objective was to make use of the public authority to legitimize the construction of an amusement park for private interest. Similar to private corporations, he added, are Japanese universities which usually do not share with the whole community in which they are based geographically. He stressed that universities should participate in and provide expertise for urban development in the region where they are. The norm of the private corporations without a principle of corporate citizenship does not require the private corporations to consider a new public-private partnership.

Third, historically, the residents of large Japanese cities are politically indifferent. There has been scarce opportunity for the residents to have interests in places where they have lived. The residents have not experienced the rapid, social, economic, and physical changes that have enormous impacts on their places to live. This contrasts sharply with the U.S. or the U.K. where, Professor Watanabe stressed, people are more sensitive to racial issue and class than the Japanese. The economic changes, such as the increment in property tax generated by development policies and projects, have not affected seriously resident's lives. Japanese property tax is only a tenth of the U.S. Urban Japan has been built out more intensively than cities in western countries. As a result, the Japanese residents have come to think that their voice do not relate directly to their own

happiness and unhappiness. This mentality allows private corporations to pursue egoistic corporate ambition, not carrying out civic duties one might expect in a civic society. This poor record of citizenship will be discussed more in the following section.

In short, Professor Watanabe pointed out these factors which would impede the transfer of my partnership model to Japan: economic and political centralism; the norm of private corporations without corporate citizenship; and residents without citizenship. I agree with him, regarding the social analysis of the present Japan, but disagree with his view of the real estate development business. This is changing. Profitability is decreasing gradually because the inventory of developable land for large scale projects, except for the land owned by large manufacturers, has begun to decrease and private developers have had to participate in cooperative development projects with land owners. For example, Mr. Abe, the Kawasaki branch manager of a large private developer, commented that their role was changing from a developer who achieved its projects by itself to one which provides technical expertise. The lack of corporate and individual social responsibility would hinder the evolution of a new partnership, but I disagree with him on the necessity of public-private partnerships. Ultimately, his opinion clarified my political hopes for the Japanese community. I discovered that Professor Watanabe and I stand for two different models of democracy. This will be discussed in Chapter 4.

9. Poor record of citizenship

In some interviewees' view, citizenship is not respected in urban Japan, but this is often said in Japan. Mr. Ito gave

one example: the preservation of a historical civil infrastructure. He formed an informal voluntary organization with interested citizens to preserve a historical mobile bridge in Tokyo a few years ago. The organization succeeded in making a sister city contract with the City of Chicago, Illinois and the City of Leningrad, U.S.S.R. both of which were promoting the preservation of their historic mobile bridges. He sees this activity as being on the front line of the changing history of the Japanese "local resident's" activities from the mid-60s to the recent time. His theory was that for about the last twenty five years, the policy of the "local resident's" activities has changed from "opposition-oriented" to "proposal and induction-oriented," and the style of action has transformed from "a resident's egoism initiative" to "partnership with the local government." Between 1965 and 1975, some groups of local residents were driven to oppose actions by the local government and private corporations when rapid industrialization caused environmental destruction which severely affected their lives, yet almost all Japanese were afraid to involve in such actions. During the last fifteen years, a larger segment of local residents has come to expect more, such as a better environment and social learning, as their fear of resident action becomes less.

However, the magnitude of "resident" activities in Japan including his has not become a big wave. Mr. Ito explains the unpoliticized Japanese, particularly those over the age of forty, as a function of their sense of values. The Japanese have a fear that political assertion and participation would label them as "red-flag-communists," which reminds many older Japanese of the Japanese communists' tragic history filled with arrest, torture, and death before the Post World War II period. For the Japanese, it is bad to defy governmental

authority. What has prevented preservation of historic architecture and infrastructure are the Japanese mentality and the Japanese economic system, he said. The Japanese usually do not like old things and dark places. With a kind of devotion to their birthplaces elsewhere, they are indifferent to public values belonging to the cities, their temporary residence. This is particularly true in Tokyo and neighboring cities including Kawasaki. There is an old expression: "Fire and fight are the flowers that blossom in Edo (Tokyo)." From the economic point of view, the value or price of land does not reflect the beauty of the environment. Government has been promoting the "scrapping & building" of buildings to stimulate the domestic economy. It has not yet put favorable tax treatment on preservation. There have been few chances for "resident's" activities to transform to "citizen's" ones: thus, in this sense citizenship has not taken root in Japanese society.

In relation to resident's activities, Mr. Ito mentioned an interesting gender issue. It is married women that participate in volunteer activities in Japan. Japanese men are too busy to leave their work places for volunteering, and the unmarried tend to be politically immature. Unfortunately, few of those wives who participate are interested in the urban environment or urban redevelopment issues. But, in my view, Japanese females will be politically more active; there is already an increasing influence of women in politics. The leader of the Japanese Social Party is female, and most recently, the voters of Ashiya city elected the first female Mayor. The percentage of female local politicians to the total has been breaking records every year, and has reached 5.7% out of 11,397 seats in the last united elections of 85 cities held in April, 1991, though the rate of voting has hit the lowest percentage of 66.5% due to the fact that one third

of the candidates were unopposed.¹⁰

10. Scarcity of leadership

Many interviewees commented upon the lack of leadership in both the private and the public sectors. Mr. Kobayashi was vexed that the groups of owners running a small shop or a factory in downtown near Southeastern Kawasaki did not have leaders who could represent the interest of the community and participate in the urban redevelopment process affecting their own community. He raised this issue as a factor mitigating against the opportunity for a western style public-private partnership in Southeastern Kawasaki. In relation to this, Mr. Uematsu commented upon the weak leadership of the Kawasaki Chamber of Commerce & Industry (KCCI), which consists of almost all local owners running small shops or factories and representatives from all large corporations owning regional factories and business facilities in the city. Both interviewees believed that it is the owners of a small business in commerce and industry who should have fostered and built up the local characteristics on their own. Mr. Uematsu attributed the weakness of the KCCI to the lack of a communalist sense in the members and administrators. As a reason for this, Mr. Abe pin-pointed that the KCCI was dominated by two large corporations, NKK Corp. and Toshiba. In the same line, Mr. Inoue, a manager of the KCCI, confessed, that the KCCI once tried to arrange interests of its members to propose a role for the private sector as a whole in urban redevelopment for the City but in vain because the local small business owners focused on egoistic interests and the decisions made by the large corporation's representatives were for their headquarters, usually based in Tokyo.

Moreover, leadership scarcely exist in politics. It should be noted that Japan's state craft is different from in other western countries. As K.V. Wolfren, a Dutch journalist in Japan, pointed out in his recent book, western governments are besieged by special interest groups, or are unable to make up their minds because of inter-departmental disputes. Yet, as is often seen in international politics, particularly those with the U.S., the Japanese Central Government does not present a firm, straightforward policy and concrete plan to domestic issues which, the Government senses, will create controversy among semi-autonomous groups. Wolfren has revealed that Japanese power consists of three powerful semi-autonomies including certain ministry officials, some political cliques, and groups of bureaucrat-businessmen, and of many lesser ones including agricultural cooperatives, the police, the press, and the gangsters. The Central Government, for example, has not yet implemented a sound program to mitigate highly appreciated land prices in the Metropolitan region. This is because it has sensed that if it imposes a strict measure, say a high real estate tax, on corporations owing large land, groups of these corporations will cut their political donations for the majority party who lead the Government. Even in the Gulf War, the Government has shown to the world its shameful irresponsibility by passing its fiscal budget to include "non-blood-money-only" contribution to the allied countries. The Central Government has neither decisive leadership nor a policy to rule the country in a truly democratic way. The semi-autonomies are ruling Japan, but no one takes ultimate responsibility. For the Metropolitan industrial region where Southeastern Kawasaki is prominent, the Government seems on one hand to be discouraging manufacturing industries from keeping business in the region, having already implemented a set of laws against factory construction and expansion.

However, its actual urban management policy for the industrial region is, as Mr. Baba suggested, to observe changes in the City's policy in industry and the intentions of the industries, leaving it to the law of economics. The Government will cope with negative situations after they occur. As long as the economy is fine, it will not take measures.

Before moving on to modifying my prediction, it is necessary to understand the current third sector in Japan, which includes Japanese style partnerships in urban development.

IV. Problems of the existing partnerships

Though Japan has had few examples of public-private partnerships contributing to public benefits in urban development over the years, it recently has witnessed the growth of organizations in the so called "third sector." The Japanese definition of the third sector is not yet clear though the third sector organizations are for profit and have existed since the middle of the 1960s. It is formed between the public and the private sector, but the organizations in this sector are totally different creatures from what I define as public-private partnership organizations. In the third sector, the Ministries, Governmental Agencies, and local autonomies represent the public sector, and private corporations represent the private sector. By 1989, around 3,900 third sector organizations had been formed, including non-profit corporate bodies, juridical foundations, and for-profit companies, over one-fourth of whose capital is invested by the public sector.¹¹ Beside them, there are a few examples of voluntary organizations. Recently, the establishment of third sector organizations have been

encouraged by the Central Government policy to make use of the merits of the private sector. According to a definition from the Japan Economic Institute (JEI), the third sector is supposed to have these merits.¹² The private sector, on one hand, can:

- evade financial risks which often occur at the early stage of projects, enjoying increased credibility due to the participation of the public sector;
- shorten a development schedule by regulatory adjustment with the public sector; and
- contribute to the public good.

The public sector, on the other hand, can:

- attract investment from the private sector and complement needed capital investment by large projects;
- make use of the management skill of the private sector;
- adjust given projects for an upper level comprehensive plan;
- expect that the private sector will participate in the operation of the projects; and
- realize efficiently the public good.

However, in the Japanese experience, these merits are often unrealized and the public good is not served. One of the attributes of Japanese third sector organizations is that they tend to be a more sub-governmental agency rather than innovative private initiatives. This is because the third sector organizations are often formed when the profitability of a development project is low, yet the public sector has to launch it for a political reason. According to the JEI, this situation has caused these problems:

- the project tends to fail due to negative profitability;
- too much intervention of the public side as an arbitrator or authoritative power holder hinders the third sector from

taking appropriate actions; and

- the organization does not work efficiently due to mismanagement or inflexible bureaucratic structure.

Beside of these problems with efficiency and profitability, there is, I argue, a problem in that the operational duration of the third sector organizations is too short to contribute to a wide area. This is because they are formed for single development projects only. Critics and I also argue that a number of inefficient third sector organizations have been created only as retirement-allowance-distributing shelters for retiring bureaucrats who have little enthusiasm to represent the public interest. As a result of the public sector's sharing of capital investment, the retired top bureaucrats of Ministries or local autonomies occupy positions in top management and many public officers are appointed under them, and the huge amount of their wages and retirement allowances are allotted from the capital investment. They do not care for citizens participation. For example, recently many third sector organizations with large development projects around Tokyo Bay have not held public hearings. I argue that the third sector development organizations do not represent public interest. In these respects, the existing public-private partnership organizations in the third sector are not suitable for Kawasaki. A new partnership is necessary.

There are a few public-private partnerships in urban development in and around Kawasaki. None of them is a long-term partnership organization serving a large constituency: they are single or short-term project oriented organizations and most of them are purely for-profit. The following examples, two private initiatives and two local government initiatives, show some of the problems discussed above for

Japanese third sector organizations.

- KSP Inc.¹³

At the end of 1986 the Prefectural Government, the City, the Japan Development Bank (wholly owned by the Central Government), and forty-three private companies established a third sector organization to build and operate an industrial research complex, called Kanagawa Science Park (KSP), located in the middle part of Kawasaki. The capital investment amounted to over three hundred million dollars and the complex has over three hundred million sq.ft. for research business incubation, R&D laboratories, office space, hotel rooms, and conferences. The establishment of KSP Inc. dates back to 1984 when a national group of companies supporting the R&D industry held a conference and decided to build science parks. A key company was a general contractor which acquired land and put up sufficient capital. First, the company proposed a housing project, but it disagreed with local policy, which was encouraging industrial development. Indicating its industrial policy in favor of R&D, the public sector induced the company to form a group with private financial companies for an alternative project, KSP. By this time, the Ministry of International Trade and Industry was already prepared with a law to aid the KSP project through grants and special tax treatment. The public sector approved the proposal and joined KSP Inc. with one third of its capital investment. KSP Inc. succeeded in building the industrial research complex in cooperation with the public sector, but it cannot be a model organization for Southeastern Kawasaki because the area needs an organization whose goals and functions reflect the problems and needs of a larger community.

- Ohta-ward Urban Development Conference (OUDC)¹⁴

Ohta-ward is one of twenty-three local government areas under the metropolitan Tokyo government. The ward is an industrial area similar to Southeastern Kawasaki. The machinery processing industry, which manufactures parts of precision machines and electronics, prevails in a congested physical environment. In 1987, OUDC was formed voluntarily by a group of member companies of the Ohta-ward Branch Office of the Tokyo Chamber of Commerce and Industry (OBO/TCCI), a private business organization, to make and propose redevelopment plans for the whole community under the Ohta-ward government, Tokyo metropolitan government, and the Central Government. The OUDC was successful in coordinating the different interests of private companies and proposing redevelopment plans, but could not succeed in achieving any one of the plans.

The announcement of the airport expansion plan, a national project, motivated small and middle sized local companies of the OBO/TCCI to make plans by themselves. This was because the redevelopment opportunity for vacant land generated by the expansion plan of Haneda International Airport would certainly have had a tremendous impact, whether negative or positive, on the area's industry and the whole community. The OUDC has worked vigorously for the last five years, with members increasing from thirty to one hundred and fifty. At present, the OUDC still exists but, in effect, is almost inactive because it failed to win the bid for the vacant land against a private real estate company in 1989.

A group of the twenty key figures in the OUDC were CEOs from middle-size local industrial companies, leaders from unions of local commerce, and a representative of a district development organization. The OUDC chose a membership system; each member pays a small fee. To increase legitimacy and

authority as an organization, the founders invited two planners from an urban development consulting firm and middle class managers from one hundred of the national corporations, which were also members of the OBO/CCI and interested in project-making.

The OUDC was successful, Mr. Abe explained, because the OUDC did not have one predominant large corporation. It had an interesting structure which carefully balanced the interests of the member companies. In general, it is difficult to mitigate the difference of power between small and middle sized companies and large corporations. The structure consists of four groups of meetings: the Executive meeting, the Staff Meeting, the Chairmen's Meeting, and four Project Study Group Meetings. (I will refer to this structure in Chapter 4 when I build a final public-private partnership organization model for Southeastern Kawasaki.)

- Shin-Tsurumi Working group

The public and the private sector in Kawasaki has just started to form an organization which can be described as a public-private partnership movement. But I do not regard this movement as serving the public benefit because it is triggered by a single project, is too pro-development, and excludes the general public.

In 1988, the City formed working groups to make a new expressway project work with each of the companies whose factory sites were crossed by the expressway construction site plan. The City planned to build the expressway without eminent domain because the site for the project is too large for the City to exercise the authoritative power to assemble needed land. Before the working groups were formed, the City decided the route of the expressway would cross a particular

company's site because the City happened to know that the company, which owned the largest part of the expressway site, began to move out due to an economic downturn in its market. Yet, the market has revived since the Japanese government chose domestic economic development policy to avoid a political dispute against the U.S government on unbalanced trade issues. The revived market for the company made the course of the expressway project complicated because the company eventually became reluctant to move out. At present, the City and the companies involved are discussing alternatives for the project in their working groups.

In addition to the pro-developmental role of the public sector, other corporations have joined the story as actors to coordinate interests of the involved companies which own large parcels of land for their factory sites. A nationwide real estate development company and a public development bank have stood up to work indirectly for the project by supplying developmental expertise to them. Their objectives are to arrange the different interests of private companies whose land and factories are crossed by the expressway plan and to achieve both the expressway and redevelopment projects. This is still an informal transaction, but it is becoming a primary source of power to make the projects happen. However, the general public is excluded and the developers are steered by private benefits.

- Kokan Street development study group

The area along Kokan Street is one of the major development sites which the City has identified. Most of the area is owned by a steelmaking and engineering company which is the largest land owner within Southeastern Kawasaki. Though the City expects the company to initiate the improvement and redevelopment of the area, the company's viewpoint, public

benefit concerning? or private profit only?, has not yet been clarified. In 1985, the City established an advisory board to study the future plan of Southeastern Kawasaki by appointing thirty members from academia and public institutions, the private sector, and civic organizations. The board started a series of symposia, and Kokan Street was selected as one of the development project areas in the final proposal. Understanding the City's interest, companies owning land in the area voluntarily formed a group for a preliminary development study. The City is putting its own development policy into the discussion of the group in order to align the companies' interests with those of the City. The steelmaking and engineering company is expected to be an initiator, but it lacks expertise in urban redevelopment with which the public benefit should be concerned.

Japanese third sector organizations would be considered as public-private partnerships to realize public benefit through urban redevelopment. But, actually, they are not suitable because they tend to be a more sub-government agency rather than efficient private initiatives. I have already pointed out some problems within the sub-government organizations. First, the public side intervenes too much in decision-making. Second, the organizations do not work efficiently due to mismanagement or inflexible bureaucratic structure. Third, their operational duration is too short and their objectives are too narrow. The final problem is that they were established to pay a retirement allowance for public bureaucrats.

With a couple of local partnership organizations above, the problems of Japanese third sector organizations suggest that it is not sufficient to look at the inside of a small boundary to build a model partnership organization for

Kawasaki. To explore a couple of existing public-private partnership organizations overseas can be an instructive approach. In a later chapter, I choose one from Newcastle, England, and one from Lowell, Massachusetts and compare them. But, before moving on this comparison, I need to modify my prediction for Kawasaki, referring to the trend and problems indicated in the interview, and check the analogy that I speculated about at the very beginning of this thesis.

V. Modification of my prediction

Based on these interviews I do not feel that I have to revise my long-term prediction substantially. But I reconsider several issues considering what the transfer of a partnership structure from one society to another entails. To make clear what problems were identified through the interview and the study of Japanese third sector, I summarize them below.

- 1) Deindustrialization causing mass-production to out-migrate to overseas sites.
- 2) Highly congested physical environment: insufficient infrastructure, pollution, and the lack of urban beauty.
- 3) An bad image of the city created by its history of industrialization with a neglected urban environment.
- 4) Political centralism and the fragmented Central Government.
 - a) too much intervention of Ministries in the local government
 - b) local government budget's dependency on the Central Government
 - c) the Central Government's influence on the City's economic development policy making
- 5) Political fragmentation of the Central Government and the Prefectural Government which has resulted in an ununified

regional land use policy

- 6) The dominance of large corporations in land ownership
- 7) Conflict between the Prefecture and the Local Government
- 8) Weak local autonomy
- 9) Underserved citizens
- 10) Economic centralism which has formed the profitable real estate market
- 11) Scarce corporate citizenship to take social responsibility
- 12) Poor record of citizenship
- 13) Scarce leadership in both the private and the public sectors

My prediction, on the other hand, was based primarily on these points:

- a) Economic downturn from a long-term perspective with negative impacts on the community's social and physical environment
- b) Aging population
- c) Massive immigration

I also pointed out some problems within the Japanese third sector organizations.

- a) The public sector as a partner intervenes too much in decision-making;
- b) The organizations do not work efficiently due to mismanagement or inflexible bureaucratic structure;
- c) Their operational durations are too short and their objectives are too narrow; and
- d) They were established to pay a retirement allowance for public bureaucrats.

My economic and social prediction needs only minor changes though, except for 2), 3), 9), and 11), I did not consider

the problems pointed out by my interviewees when I made my prediction. First of all, there seems to be little fear of a severe economic downturn in the short-term which will have some mitigating effect on my long-term prediction. This short-term perspective leads to a modified diagnosis that Kawasaki might be able to sustain its competitiveness and therefore, the possibility of negative impacts on its community's social and economic environment decreases to some extent. However, this optimism ignores the effect of deindustrialization pointed out by an interviewee. With the consideration of both the aging population and the magnitude of possible immigration, both of which no interviewee commented upon, the evaluation of deindustrialization has a significant negative impact on the long-term local economic growth prediction. The negative impact of aging population and massive immigration on the long-term social change also affect the economic growth. A question that the interviewees would ask me is whether these three issues, deindustrialization, aging population, and the magnitude of immigration, are quantifiable or not. Deindustrialization depends on changes in the world economy; the immigration is contingent upon the foreign and domestic policy of the Central Government. The prediction of the immigration issue is especially difficult at present because Japan seems to be clearly divided into pro and con.

Despite these contingencies, each of the three issues is already showing a negative trend. The population is quantifiable and getting aged. Substantial number of foreigners with illegal status are migrating and causing conflicts with local communities. Part of production has moved out. The three issues are inter-related and cannot be overlooked. It is clear that the situation of Southeastern Kawasaki is changing in accordance with my prediction.

Much more significant is that the presented socio-political problems of Kawasaki suggested to me a totally different implication for the transfer of a new partnership organization on the western model. Regardless of the difficulties in economic prediction discussed above, the need for a new partnership organization is even higher because: first, the organization can solve the political problems from 4) to 9) by providing a forum for discussion among governments from all levels, the dominant private corporation, and the public; second, with regard to 10), the organization can secure public benefits by ensuring that the real estate market will not be overheated; and third, as for 11), 12), and 13), the organization can foster both corporate citizenship and individual citizenship through stimulating both within its members. However, I have discovered that my attempt to transfer a new partnership organization implies the challenge to upgrade the existing fragmented society to another in which all entities can share benefits in urban redevelopment. In this respect, a new public-private partnership organization, I believe, can be the best tool, or agent, to transform Japanese society with the negative social factors indicated by many interviewees to a better society in terms of democratic urban redevelopment.

Though the identified trends and problems in the interview do not affect my prediction, I have to reconsider how the economic analogy employed in this thesis is valid, before moving on the following chapter. At the very beginning of this thesis, I speculated that Newcastle and Lowell share with Kawasaki similarities in terms of the history of industrialization and these similarities would suggest the possibility or desirability of establishing a new public-private partnership organization for Kawasaki as a solution

for the city's problems in urban development. It is crucial to specify how the pattern of deindustrialization in both the U.S. and the U.K. resemble that of Kawasaki. From the interview, I discovered that the manufacturing industries in Kawasaki have the ability to adjust and strengthen themselves reacting against negative economic circumstances. Because this ability is quite different from that of British or American manufacturing industries, Kawasaki seems to be economically strong forever. But deindustrialization is a trend which will happen whether one likes it or not. In the U.S., under the pressure of international competition manufacturing industries moved out of Northeast and Midwest to West, South, or South America, seeking cheaper labor. The U.K. had a similar trend. Japan is no exception. It has already faced harder competition with developing countries for larger share in some industries, such as steelmaking and shipbuilding, and is losing substantial shares. The Japanese textile industry's production has already depended on South East Asian countries. The hot bed of the Japanese labor market is shifting from traditional industries to the service industry. In Kawasaki, 60% of total labor is in non-manufacturing industry. Japanese younger people are becoming unwilling to take jobs in the manufacturing industries. Simultaneously, illegal work by unskillful overseas labor is increasing in the manufacturing and construction industries. In this regard, my analogy in economic history is valid.

Though I have to admit difficulty in extending this analogy to the Japanese and western real estate development businesses, current negative trends mitigate the difficulty. The concentration of capital and political authority in urban Japan has made real estate development a highly profitable business. Conversely, in the U.S. and the U.K. the real estate development business is riskier for both private and

public developers because both people and capital tend to disperse to the suburbs or other regions. There are a couple of trends mitigating the difference between Japanese and western real estate development businesses. The profitability of Japanese urban real estate is decreasing gradually, because the inventory of developable land for large scale projects, except for the land owned by large manufacturers, has begun to decrease, and private developers have had to participate in cooperative development projects with land owners. So does the public sector developers. These factors increase the validity of the analogy concerning similarities in the real estate market.

I also have to consider social or political differences between Kawasaki, Japan, and the U.K. and the U.S. when building a model organization. Important are four issues related to the problems of Kawasaki: the fragmented political relationship among governments at different levels; the unwillingness of private corporations to take social responsibility; the poor record of citizenship; and scarce leadership in both the private and the public sectors. If these issues turn out to have significant influences on the evolution process, structure, and functions of either case study organizations, and have distinctive differences among the countries, the applicability of the model to Kawasaki would be low. But these are not necessarily critical as Japan's history suggests. Every time the Japanese tried to transfer institutional knowledge and models from overseas, cultural and political differences always followed. Yet, the cultural and political differences were not serious obstacles. For example, Japan learned from Germany for its constitution before the current one, imitated England for its government structure, learned capitalism from the U.S, and transplanted its current constitution from the U.S. without

major conflicts. Currently, Japanese private corporations are learning the concept of corporate cultural contributions from France. In these examples, cultural and political differences have been ignored rather than considered as obstacles. From the view point of democracy, in a later chapter I discuss the social implication of transferring partnership on western model to Kawasaki and articulate what elements of comparison are important for Kawasaki.

In the next chapter I introduce two western public-private partnership organizations. I chose The Newcastle Initiative (TNI) from Newcastle, England and The Lowell Plan Inc. (TLPI) from Lowell, Massachusetts because I believe that these two cities and Kawasaki share similarities in terms of their history of industrialization and I hoped that these similarities would articulate the necessity of a new public-private partnership for Southeastern Kawasaki as the best solution of the city's problems in urban redevelopment.

Chapter 3. The Newcastle Initiative (TNI) and The Lowell Plan Inc. (TLPI)

I. TNI

As Mr. Peter Stark, the director of Northern Arts, a regional cultural development organization, pointed out its characteristics, the city of Newcastle is impressive in its unique, coherent, and compact urban form. This uniqueness is evident in the harmonized mixture of tradition and modernity in the urban area. The central district includes business, commercial, entertainment and cultural, educational, and public uses. The city is formed mainly by limestone-architecture, medieval in style with a monumental obelisk as a central point. Architecturally distinct buildings include a theater, central railroad station, churches, university and other institutions. The current northern boundary of the major commercial district is formed by a stone wall of the Roman period. Along the commercial streets of the district, I found many Victorian buildings, which had been residential and are now being used as offices and retail shops. But the commercial district is run down and is the focus of redevelopment schemes by a local development initiative. Within the city, the residential area surrounding the central district is serene. It consists of both traditional tenement style residential buildings and mansions. The modern atmosphere of the city is reflected in the civic center, a large shopping center, a sturdy steel landmark bridge over the Tyne River, and an efficient public transportation system with buses and subway. Despite the various styles of architecture within the city, harmony exists. The old retains its distinct characteristics. Furthermore, the efficient transportation system ties together every part of the city

and its suburban area and makes the whole area more compact than it otherwise would be.

Usually, it is not an easy task to explain the atmosphere of a city logically. But, the physical environment of Newcastle impressed me so much that it made me feel that the people living here embrace common values in such a comfortable setting. In a similar way, I found that leaders of the city have a loyalty to the community, yet, in one interviewee's words: "it is difficult to explain 'loyalty to the community' to people living in London, Paris, New York, or Tokyo [or Yokohama or Kawasaki] where such loyalty seems to be rather odd."

TNI, The Newcastle Initiative, is one of the most recently created public-private partnerships in Great Britain. It is an organization primarily led by the private sector although it is a combination of both the public and private sectors. It was established in mid-1988 by local business leaders in cooperation with leaders from the public sector and academia. It is "a campaign led by leading figures in the life of the city to build Newcastle's status as one of the great regional capitals in Britain."¹ It is a non-profit organization, which has been registered by the Registrar of Companies of England and Wales as a company limited by guarantee (Appendix A). Interestingly, the participants in TNI, including its staff, are all self-sufficient in terms of wages and are paid by their own institutions, not by TNI. They are tied together in a consensus, a vision of the whole Newcastle community as a regional capital in Britain (North East of England). Ten leading figures from local businesses, the public sector, the local authority, and academia comprise the Board of TNI, which makes strategic decisions affecting Newcastle's future development although TNI itself has neither a source of funds

nor a financing tool for this development. These decisions are legitimized through the approval of participants from the public sector or the local authority, although TNI does not have any statutory power as a public organization. A fulltime chief executive, Mr. Hay, was appointed by British Telecom from its own executive staff to lead the Board and organize activities within TNI.

II. TLPI

In the U.S., Lowell is often thought of as the most developed industrial city in the 19th century and the birthplace of the American Industrial Revolution. Dennis Frenchman, a faculty member at M.I.T., calls the city "a machine city." It was characterized by large-scale, intensive textile manufacturing with brick mills which directly connected textile machines to the water power generated from the Merrimack River. It is this industrial-history-telling heritage that inspired a resident activist to propose an unprecedented urban park concept to revitalize the local economy and the whole community. In the late 1970s, the National Park Service and the Lowell Historic Preservation Commission started implementing the National Historical Park program in the city. A few years later, The Lowell Plan Inc., a private, nonprofit economic development corporation was founded. TLPI has become a major component of the city's revitalization. In recent years, many tourists and residents have enjoyed festivals and events held primarily by TLPI for the promotion of the city as a desirable working and living place.²

In my thesis research on public-private partnerships, I became interested in the relationship between institutions in urban development and in community based economic development

in Lowell. There are three different institutions that are making efforts to revitalize the local economy which, like Newcastle, experienced a decline in the 1970s. The Lowell Plan Inc. (TLPI), a private non-profit economic development corporation, the Lowell Development Finance Corporation (LDFC), a non-profit economic development finance corporation working with TLPI, and the Coalition For a Better Acre (CBA), a community-based development organization serving the Acre neighborhood in Lowell. In this section, I describe the goals, projects, and programs of TLPI, LDFC, and CBA, and examine the relationship among these three institutions.

TLPI is not related to the CBA but works closely with the LDFC. The CBA is a borrower of funds from the LDFC. Although the three institutions currently have significant impacts on the local economy, each of them was created by different interests and in different times. LDFC was created by local financial institutions in 1975 to contribute to the local economy with low interest loans to primarily industrial and commercial building owners and tenants for the rehabilitation of their properties. TLPI was created by local business leaders four years later. It has been revitalizing the economy by providing technical assistance for business to start and develop in the city and by attracting investments to the city from private individuals and firms. It also has been working with City, State, and Federal officials to meet the needs of the evolving economy by providing a forum for public and private collaboration. CBA, on the other hand, was founded by local churches, Hispanic groups, and Acre residents in order to stop a City sponsored housing plan which would have destroyed the Acre's low income neighborhood. This initial founding purpose has evolved to more integrated objectives for the community groups which include economic development, community organizing, and

housing development as well.

The ten year-long-efforts of the public-private partnerships organized by TLPI with LDFC seem to have resulted in an amazing success in Lowell. The city has had both economic and cultural successes. The rate of increase in the average income level of the city is the highest in New England. The investments made in the local economy attracted by the partnership efforts during this period exceed 400 million dollars.² The national headquarters of Wang Laboratories and offices of a number of other high tech companies have been built. The city has been reborn as a National Urban Historic Park, which is a tourism oriented city transformed from an economically depressed city by a federally underwritten National Urban Park program. The population of the city has grown by twenty-five percent in the last decade and the downtown is often crowded with tourists on weekends.

The City's success story, however, has a dark side. Along with increased economic growth came property speculation and rising real estate values, and the influx of a young professional gentry seeking interesting places to live. The older neighborhoods of the city suffered skyrocketing rents; living conditions were in bad shape. The Acre neighborhood of Lowell is one of the poorest in the state and for decades has been neglected by the economic development efforts made by the development institutions including the City and TLPI.

In the following chapter, From the view of democracy, I compare these two public-private partnerships that I have introduced. For this cross-case analysis, I focus on six variables: the process of evolution, goals and objectives, structure, responsibility, style and type of action, and

regional characteristics in economy, politics, and society. For each of these, I provide readers with summary charts and tabulated information on the two partnership organizations. Narrative comparison and detailed descriptions follow the charts and tables.

Chapter 4. Cross-case analysis

I. Implication of institutional transfer and crucial socio-political factors

Where the applicability, or the transferability, of an institutional model is examined between countries, it is useful to categorize the social and political characteristics of the countries and identify what factors are crucial to the applicability. A model which differentiates the types of democracy is helpful to analyze socio-political differences among the countries. To distinguish the dominant society of the U.S., the U.K., and Japan, I employ five models that Jon Van Til summed up in his book 1:

1. Neo-Corporatist society-----focuses on the predominance of large, bureaucratic organizations in modern society. The principal force is identified as the profit-seeking enterprise, with economics identified as the major concern of human beings in society. Voluntary organizations are viewed as a particular form of enterprise from this perspective, and volunteering is perceived as a value-linked, and inexpensive, surrogate for governmental action and responsibility.

2. Pluralist society-----centers on the pluralist theory of democracy and places its central attention on the roles of interacting associations in society. The principal force in this conception is the concerted action of institutional actors, with each of the three sectors providing important parts in the symphony of the effective partnership.

3. Populist society----- gives center stage to the citizen in a struggle against the mega-institutions of corporate and governmental life. The drama here is one of confrontation against institutional injustice, with one part of the voluntary sector, that of independent citizen action, providing the leading role, and all other cast as "heavies."

4. Idealist society----- stresses the gains from a full and reasoned dialogue among citizens and leaders of the various societal organizations. Active citizen

participation is given a central role, and distinctions are drawn between forms of action on the basis of their contribution to the goals of full democracy

5. Social democratic society-----places its emphasis on the reorganization of relations of power and economic control in society. Central is the reduction of the role to provide ownership in corporate organization and political life. The voluntary sector is provided only an ancillary role in this conception, although various politically related voluntary organizations are seen to be central to the process of assuring productive social change.

Professor S. Watanabe stands for the neo-corporatist model, affirming its specific features, such as economic centralism, a lack of corporate social responsibility, and an ignorance of citizen participation. My view is that this type of society has been responsible for an unpleasant urban environment and the insufficient representation of public interest. I believe that this corporatism should be transformed by some force to pluralism. My attempt to examine the applicability of the model partnership organization to Kawasaki is not merely a proposal of an efficient development method for the community, but a challenge to upgrade the existing social structure to another which can improve the negative social factors of Japanese society indicated by many interviewees.

Til's models highlight a dominant relationship among major entities, including government, private corporations, nonprofit sector, and the citizens in many countries. In my view, Kawasaki, or urban Japan, falls into model 1, the corporatist model. Lowell, or middle-size American cities, falls into model 2, the pluralist model. Newcastle, or middle size British cities, fall somewhere in between the two. Table 1 differentiates the three cities by using factors which reflect the characteristics of a corporatist society and a pluralist one. These factors would impede the model

partnership from working if the model organization is transferred.

The factors in Table 2 are crucial to a model partnership organization for Kawasaki. They suggest that it is better to select a basic structure in accordance with the area's democratic context.

Table 2. Differentiation reflecting two models of democracy

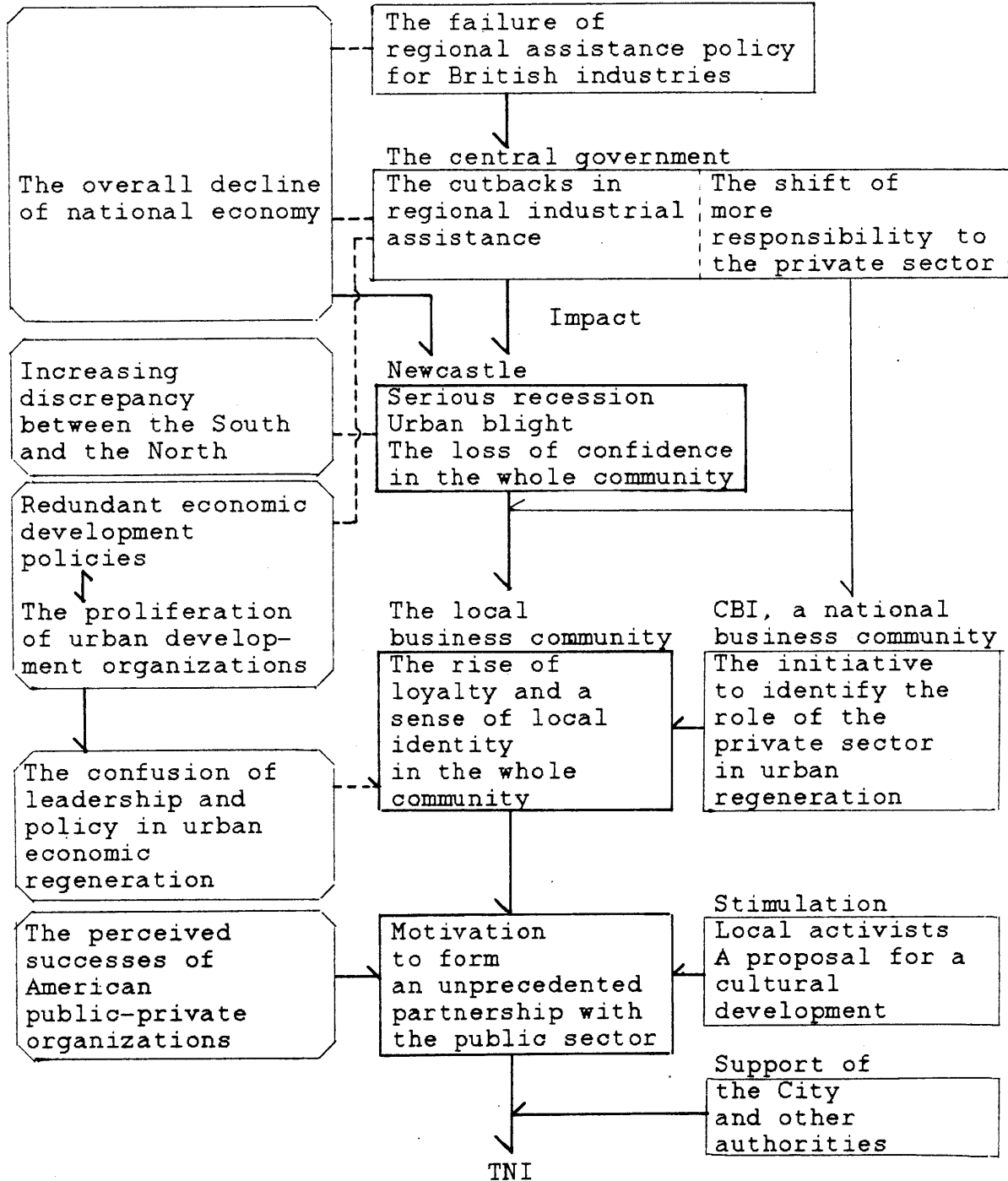
Model	Corporatist<----->Pluralist		
City	S. Kawasaki	Newcastle	Lowell
Country	Japan	The U.K.	The U.S.
Organization	N/A	TNI	TLPI
1) Is there political centralism?	0	o	
2) Is the business community a hierarchical society?	0	o	
3) Is there economic centralism outside of the city?	0	o	
4) Is there clear geographical discrepancy in terms of social structure (eg., white vs. blue collar)?	o	0	
5) Is there the shift of more responsibility to the private sector in urban redevelopment?		0	0
6) Is there rich record of citizenship		o	0
7) Is there the tradition of corporative philanthropy, or corporate citizenship?			0
8) Is ethnic diversity a social value?			0

If the area's democracy become similar to that of Lowell, or say, pluralistic, TLPI is an better choice; if it does not seem to change so much, TNI is better. The table articulates that TNI is more likely to fit Kawasaki than TLPI because Kawasaki is more similar to Newcastle than to Lowell in its socio-political nature. It also suggests that there would be a two-step dynamic model: one similar to TNI, and the other similar to TLPI. If the society of Kawasaki changes to a more pluralistic society over time, the two-step dynamic model will be applicable. In the following cross-case analysis, I articulate what this comparison implies to the modeling of a public-private partnership organization for Kawasaki, referring to the factors discussed.

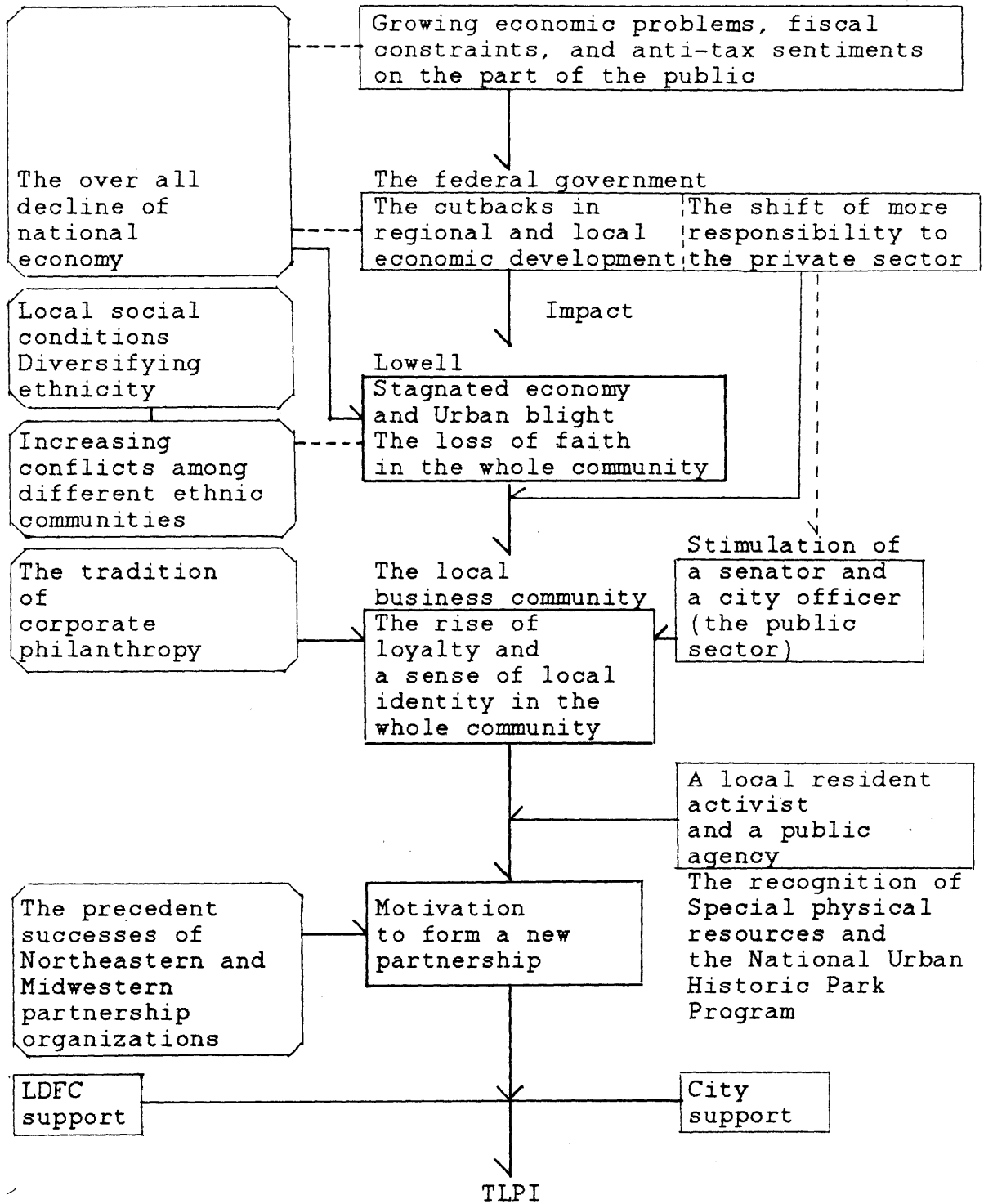
II. Cross-case analysis

1. Evolution

TNI



TLPI



Comparison

The patterns of evolution of TNI and TLPI depicted in the two charts are surprisingly similar. It is interesting to wonder whether or not one can generalize from the evolution process of both organizations for modeling a partnership organization for Kawasaki.

There are many identical phenomena, incidents, and thoughts between the two charts, though the Newcastle business community formed TNI after researching TLPI as a model partnership organization. In general, the core of the pattern is the rise of loyalty and a sense of local identity in the community, and it led to a motivation to form a partnership. The impetus for this loyalty and identity is the local economy-caused urban problems, such as economic decline, urban blight, the community's mental depression and despair. Part of the political backgrounds of these urban problems is the policy choice of the central or federal government to cut regional and local economic assistance. With local activists and the public sector, the central government stimulate the local business community by shifting more responsibility to regenerate the local economy to the private sector. The lessons of successful partnership organizations might encourage the local business community.

Differences between the two evolution processes are as interesting as the similarities because they suggest several different aspects between England and America in terms of social values and politics. First, traditionally, the British business community had not acted as a corporate philanthropic body unlike its American counterparts until the birth of TNI. The concept and activities of charity existed in the U.K., but they had not been adopted by the for-profit sector. In the U.S., on the other hand, philanthropy has been the major

social value that makes for-profit organizations participate in the non-profit sector. Second, ethnic diversity is also an important American social value that distinguishes itself from other parts of the world. Third, the South-North discrepancy would represent Britain's sensitivity to class while the whole American community does not have a clear sense of class. Fourth, the presence of the Confederation of British Industries (CBI), a national business community which promoted movement toward public-private partnerships in England, makes me feel that British business communities place importance on a communalistic society in which national-level society leads local-level one. As far as I know, there are no nationally unified and politically influential business communities in the U.S., and, in my view, American companies are relatively independent. Finally, the British central government is increasing its authority to intervene in regional and local economic development, while the American counterpart is trying to be a relatively small government. In the Northeast, this political centralism has created redundant regional economic development policies with proliferating regional agencies which confuse local policy. This is one of the reasons that a partnership was needed.

According to Mr. Hay and the TNI's brochures, the two key events which gave birth to TNI were the October 1987 conference of the CBI held in Glasgow and a subsequent dinner meeting held in London in January, 1988. The CBI decided to involve itself in the local economic regeneration of their cities and chose Newcastle as a pilot case.² In the following meeting, three representatives of Newcastle decided to test out a model partnership based on American cases. There were, however, other significant contributing circumstances for the Newcastle business community at both a regional and local level. By the end of the 1970s, the North East region had

experienced the failure of central government's policy in regional industrial assistance. During the following several years, the region suffered a recession with a declining economy, serious unemployment, and the so called "inner city problem." These resulted from the central government giving up its regional industrial assistance policy. But, this serious recession gave the business community the impetus to raise loyalty and a sense of identity to the city. The year 1987 was momentous in that the Conservative Party was reelected as the ruling party and refocused its policy on a market oriented economy. This gave the business community many opportunities and the motivation to regenerate the regional economy. One result was that the business community established TNI.

Some local activists had stimulated the movement for a partnership between the public and the private sectors. Mr. Peter Stark, Director of Northern Arts, a regional arts development agency, was one of them. He had been motivating local leaders to promote collaboration among the public and private sector for urban regeneration of Newcastle through the promotion of the arts and entertainment industry. Local business leaders other than the three members of the CBI mentioned above were other important activists in the establishment of TNI.

Local leaders began to think about the necessity of revitalizing the local economy in the late 70s and early 80s. At that time, almost all cities in the U.K. were experiencing substantial deindustrialization in the major industries including manufacturing, heavy engineering, shipbuilding, and mining. As a result, they suffered serious unemployment problems. Scotland, Wales and North England, including Newcastle, had an unemployment rate of over 20% in their

urban areas, much worse than in the South. In the Newcastle area, Mr Hay pointed out, local confidence had reached the bottom, people had lost pride, and the region was filled with despair. Local leaders then began to question what was wrong, and what was not being done and started thinking what should happen beyond that black moment in regional history.

J B Goddard's report on regional economic development in the North of England shows how deep the problem was. He articulated that the region's poor economic performance resulted partly from its political and economic dependency on the capital London.³ The poor performance in the economy dated back to the 1930s, he pointed out, when the region lost local control over industry. The headquarters of national companies created through the merger of regionally owned companies moved out of the region. During the post World War II period, traditional heavy industries continued to decline and more control flowed outside the region. Goddard termed such an economy a "branch plant economy" with five distinguishing characteristics: first, most regional employment depended on firms owned externally; second, state subsidies had a major role to attract new investment to the region; third, the development of the national expressway system and telephone network enabled mass production facilities to disperse to the regions from London; fourth, most of the regional labor population was the working class; finally, central government dominated regional economic development by nationalizing major heavy industries, providing infrastructure, and financially supporting regional industries. Goddard described other actors. Local government, dominated by the Labor Party, focused on social welfare and depended on the grants of the central government. Trade unions came to have a strong bargaining power influencing regional economic development. But the business community was less involved in it. The

region depended on London both politically and economically.

There was a recession between 1979 and 1983. A great number of factories closed and their workers were out of jobs. This recession happened, Goddard explained, because central government cut regional industrial assistance, recognizing that the way to organize the economy both nationally and regionally, described above, could not work.⁴ In 1987, Margaret Thatcher, the leader of the Conservative Party, was reelected as the Prime Minister and enforced the promotion of capital market oriented economic development. This was a factor leading to the birth of TNI. In 1987, the Glasgow conference of the Confederation of British Industries (CBI) decided to set up a taskforce to identify CBI's role in assisting urban regeneration and chose Newcastle as a pilot case. In the next meeting in 1988, three members of the taskforce from the North East decided to form a partnership organization in Newcastle.

Goddard's criticism went further. Though the U.K had experienced some economic recovery since 1983, the region had had a slower rate of recovery than the national level with its male unemployment increasing relative to the national average. The regional economic history indicates a growing discrepancy in performance between the poor North and the rich South.⁵

However, there have been some changes in the regional industrial structure. Small high-tech companies have been set up and have been successful in the creation of new labor demand. Slowly, firms in traditional industries are renewing and transforming old products by adopting new technologies. They are contributing to diversifying the industrial structure for stable economic health. Though the assessment

is early, as Goddard claimed, prevailing overseas investment in the region might have a positive impact on its industrial structure. Overseas manufacturing industries, mainly Japanese, set up plants in the region. Goddard indicated some economic analysts' criticisms that the jobs created by the Japanese firms are offset by the closure of 11,000 jobs in closure of other foreign, especially American, firms. But, he expects that Japanese investment may be more permanent than that made previously by American firms.⁶

Despite these negative economic conditions, the region experienced a substantial percentage increase in employment in the banking, finance, and insurance industries, while other parts of the service sector experienced decline or smaller increases. According to Goddard, most of this increase in the region between 1978 and 1989 occurred in Newcastle which was ranked ninth in the nation. He explained that three factors generated the increase: the growth of local demand, the expansion of multi-locational firms from London for the acquisition and merger business, and the dispersal of back offices from the capital.⁷

In my view, the period around the end of 70s was the moment when the strongest loyalty emerged in Newcastle. There is no doubt that worsening regional economic problems forced it to emerge at this point in time. For about five decades from the 1930s the northern regional industries were subject politically and economically to the South. TNI's establishment was for regional regeneration, but in a broader sense, it was, in my opinion, the last solution for the problematic capital-region relationship. The rise of the financial businesses in Newcastle gave significant momentum to TNI. It is apparent to me that some leaders from that industry with loyalty to the whole community played a major

role to stimulate other leaders' loyalty encouraging them to form the partnership.

Besides the emergence of loyalty to Newcastle, a powerful group of the private sector at the national level began to struggle against the depressed British economy, whose central issue was seen as the "inner city problem". The force of that movement was generated by the Confederation of British Industries (CBI), an organization comprising the major corporations in the country. CBI was chaired by Mr. Tom Flost, CEO of the group of National Westminster Bank group, the biggest bank in the U.K. In 1987, the Conservative Government was reelected, and Prime Minister Margaret Thatcher put the inner city problem high on the Government's agenda. This encouraged the CBI to face up to the problem. CBI held a conference among its members in Glasgow to debate the roles which they should take in order to revitalize the economies of their cities and, to assign each city, established fifty teams including John Hall, developer, Paul Nicolson, Chairman of TWDC (CEO of Box Breweries Co.), and John Goddard, Professor from the North East region. In 1988, to study successful partnerships, some of the CBI teams visited cities in North American, such as Vancouver, Toronto, Pittsburg, Baltimore, Boston, and Lowell. From the study, the CBI concluded that there were three fundamental elements necessary to the revitalization of U.K. cities ⁸:

- 1) The business community in all the major cities in the U.K. should provide leadership;
- 2) Public funds for revitalization are scarce, so private investment through ordinary market mechanisms would be necessary; and
- 3) The process of revitalization should include [a] physical rebuilding, [b] job creation in the service sector with training and recruitment programs, [c] community involvement,

and [d] a public-private partnership.

Though the movement for a partnership went swiftly from the national level to the regional level, "there was tension," Mr. Hay expressed, between TNI and the City because the Labor Party constitutes 80 percent or more of the City Council. Thus the social welfare oriented City government did not always agree with TNI's policies of profit-making property development by investment depending on the market. But it does not mean that the City government is not enthusiastic to regenerate the local economy. According to Goddard, urban and local policy became prominent in the 1980s after central government decided to get rid of its regional industrial assistance programs.

Thus, TNI was created out of a complicated relationship among development agencies that have a variety of responsibilities for coordination of development policy concerning regional economic revitalization. Although these agencies, including TNI, continue to make efforts to revitalize the regional or local economy, Fred Robinson points out that there is still no major development organization which can take a lead role in economic policy.⁹ But, in my view, it is TNI that has the potential to take a lead role in local economic policy and influence regional economic policy. This potential is inferred from the profile of the members that TNI invited. There are three development agencies whose leader joined TNI: the Tyne and Wear Urban Development Corporation (TWUDC), a City Action Team (CAT), and the Northern Development Company (NDC). The TWUDC is a "QUANGO" (Quasi-Autonomous Non-Governmental Organization) that was created in 1987 by central government to exercise direct control over regional economic development. With a huge budget, the TWUDC has been trying to regenerate the economy of the riverside areas by

undertaking projects through "Enterprise Zones," a financial-incentive-added industrial park equipped with infrastructure, to attract private sector investment. While it is quite separate from local government, the agency is seeking full cooperation with private sector interests. The CAT was created in 1984 by a central government department dealing with employment issues in an effort to insure more effective co-ordination of central government policy measures in the inner areas of Tyneside. The NDC, another region-wide agency, was established in 1986 by the business community, trade unions, and the local authorities. It was concerned with changing the image of the region and coordinating sections of industry---e.g. by inviting and locating Japanese auto-makers in the region. Incidentally, there are other organizations funded by central government for regional economic development. Goddard lists, for example, two inner city Task Forces and two City Action Teams. Under such complicated relationships among a variety of players, TNI was formed by the local business community and has linked the different players, the local government, and academia.

Why was TNI formed despite the various development programs in operation? The proliferation of development organizations described has a large array of policy programs which seem to be redundant. As Robinson indicates, these include the Regional Selective Assistance, the Urban Program, the Enterprise Zones, the Urban Development Corporations, the Training Agency, the Gateshead National Garden Festival, the European Regional Development Fund, and the European Social Fund.¹⁰ The current annual budget of all these amounts to over £300 million (\$600m). Goddard considers the regional development grants or regional industrial assistance programs as having been a well known failure in the northern region. He claims that they failed to reduce the region's

overspecialization in declining traditional industries, or to stimulate industrial innovation, R&D and small businesses for industrial diversification. This was because a large part of the grants flowed to a few well established large corporations in the region. This failure of regional development policy has turned policy-makers' emphasis to urban and local development programs since around 1980. The Urban Program, the Enterprize Zones, and UDCs are examples.¹¹ To be optimistic, TNI may intensify the effects of all these programs because it has leaders from the organizations related to them. But it seems to be rather difficult for TNI to perform efficiently with the proliferation of programs and organizations.

I see TNI as an essentially pro-development small efficient government. TNI benefits private corporations, though, Mr Hay stressed, the Board members never pursue a direct personal or corporate benefit. TNI is registered as a company limited by guarantee, which means that the members may not distribute profit among them. This does not define TNI as a non-profit organization, but allows it to make profit unless the members distribute the profit among them. TNI probably will help outside corporations make a profit whether TNI intends to do so or not. With its members' expertise, it can propose redevelopment projects for particularly blighted areas in light of the authorized schematic plan made by the City. These projects are approved promptly by all the members of the organization. The different public agents at different levels can cooperate together and therefore, make projects more efficient. It tries to realize public benefit, also. Besides property redevelopment as its major interest, it also deals with employment for a poor community in a particular area, it helps graduates get a job, and supports the arts and culture, business and education, and craftsmanship. Thus TNI

serves the whole community just like a public organization. However, there is a missing part: input from the general public. TNI is indirectly serving the whole public and directly a particular part of the public. It has a team to provide jobs and training opportunities for the long-term unemployed in Newcastle and held public meetings with merchants when it made blue prints of redevelopment projects which would have an impact on their business. But it does not have any representative of citizens. The Board members of TNI are self-elected leaders from well established organizations and corporations. They have votes to appoint new members but will not appoint either small retail shop owners or individual activists. The constituency for TNI is limited to elites in a big business community and the public administrator's community. The goals and objectives seem to be sound for the public benefit unless one questions the lack of citizens' and the indigenous small business community's involvement.

To understand the evolution of TLPI, it is meaningful to look first to the generic evolution of public-private partnerships in the U.S. and particularly in the Northeast. This region has been a hot bed for public-private partnership and philanthropic activities since in the 17th century Massachusetts colony witnessed the first establishment of partnership corporations for public purposes. According to R.S. Fosler, both the public and the private sectors have come to regard partnership as a useful institutional arrangement in order to achieve public benefit as government-corporation relationships and national and regional economic conditions change.¹²

From the end of the Roosevelt administration's New Deal era through World War II to the post War period, cities in

regions other than the Northeast benefited from distinguished service of both the public and the private sector. They also benefited from the growing power of the federal government which overshadowed state and local governments. But, municipal governments and local business communities in the Northeast, such as Pittsburgh and Baltimore, had to cooperate in order to tackle the deterioration of the downtown economy.¹³

In the 1960s, national corporations began to have the notion of corporate social responsibility to improve social conditions and stabilize regional and local economies. The norm of a five percent contribution to the community exemplifies the notion. The corporations recognized opportunities for public-private partnership to carry out philanthropic, community-based activities and real estate developments for blighted neighborhoods and deteriorated downtowns. Some of the corporations located their important facilities in distressed areas.¹⁴

In the 1970s, the Carter Administration shifted more responsibility from the federal government to localities due to worsening economy, fiscal constraints, and anti-tax sentiment of the part of the public. The Reagan administration, advocating the New Federalism, accelerated the shift to the localities by cutting federal socio-economic programs in the early 1980s, and states and cities in the Northeast and the Midwest needed to utilize new public-private partnerships to tackle the economic downturn in which firms left the central cities of the Northeast and Midwest. The partnerships were different from those of the previous three decades in that the local government could not rely on the federal government's support and therefore had to rely more largely on the private sector.¹⁵

After the Carter administration introduced the UDAG program to states and cities for urban redevelopment, The Lowell Plan, Inc. (TLPI) was formed in 1979. It is officially said that a politician and the then City Manager founded TLPI. Its establishment, in my view, resulted from a couple of leaders from the public sector who stimulated the local business community to raise their loyalty and sense of local identity to the whole community. Despite the inducement of the public sector for the start-up of TLPI, the major participants are from the private sector. In fact, the Mayor only took part formally in TLPI several years later.

TLPI was founded under a stagnated local economy and an ethnically conflictual society. Lowell is often seen as the most developed industrial city in the 19th century and the birthplace of the American Industrial Revolution. A group of merchants and engineers planned and constructed the city not only as a machine-wise system with housing, social institutions, and amenities but as a socializing system which enforced on employees, mainly female, a life style of discipline, morality, and education. During the first half of the 20th century, Lowell experienced a fifty year economic depression when its textile industry began to lose international competitiveness and left the city to the South seeking the cheaper un-unionized labor.¹⁶ This resulted in long term unemployment and urban blight, and economy had been stagnant until the late 1970s when TLPI was founded.

Two social trends which surrounded the TLPI's birth were the richness in ethnicity and the ethnic conflict. All through the periods of the economic rise and decline, non-Americans continued to immigrate to the city. The tension among different ethnic groups increased due to their competition

for scarce resources, and they lost faith in their ability to make use of their enormous human resources. Even at present, many immigrants are entering the city, and some are involved in ethnic conflict.

There are, in my opinion, several factors explaining the evolution of TLPI besides the local business community's loyalty, a sense of identity to the whole community, the stagnated local economy, urban blight, and the loss of faith in residents caused the local business community. First and second, the bottom line of the TLPI's evolution bore the tradition of corporate philanthropy and the federal government's retrenchment in regional economic assistance. The recognition of national corporations on social responsibility in the 1960s induced TNI's partnership to evolve, matching the change of the federal government in its regional and local economic development policy through out the following two decades.

The third factor was the success of other partnership organizations in the North and Midwest. This factor helped the founders formulate a better partnership model. Three partnership organizations would be used as the model: the Allegheny Conference on Community Development in Pittsburgh in the 1940s, the Greater Baltimore Committee in the 1950s, and the Citizen's League of Minneapolis- St. Paul, Minnesota more recently.¹⁷ All of these are private initiatives that involve the public sector. Their primary tasks are planning and policy-making for housing, economic development, education, or other fields, including but not limited to real estate development. The ACCD regarded itself as "a citizens group of the Allegheny Region" aiming at proposing an overall community plan for the region. The GBC's purpose is "to function as a citizen arm of the government to provide

business and financial expertise to help implement city projects." The CL is a civic organization including individuals and non-profit organizations, as well as businesses. Its responsibility is to develop the idea of public service and projects benefiting its community.

The fourth was the establishment of the LDFC by the regional and local banks and financial businesses in Lowell. The LDFC is a non-profit community bank to help residents and merchants improve residential and commercial buildings and to help businesses build industrial buildings. The members of the LDFC and TLPI are almost the same, and currently the same person is the executive director of both organizations. This implies to me that the LDFC was a first attempt by the business community to play a role in urban revitalization. But, the LDFC's function was limited to low rate loans.¹⁸ New functions of partnership as a planning body and marketing and promotion force for identified redevelopment projects became necessary for the public sector's growing expectation of the private sector's involvement in urban revitalization.

The final reason is the special and historical urban setting of Lowell. It inspired the unprecedented idea of a national historic park which identified a potential for the whole downtown Lowell as a park which would tell visitors and residents the history of the American industrial revolution and social changes in the community. This physical advantage has made it possible for Lowell to benefit from federal and state funds and private contributions. Projects for the national historic park program started in the late 1970s.

TLPI is a non-profit private corporation whose goal, according to a catalogue published by TLPI in 1979, is " to

make Lowell the best, most livable mid-size city in America."¹⁹ As time passes by, TLPI's function has changed from a planning and policy making body acting through property developers to a marketing and promotion force. TLPI has used its nonprofit structure to attract resources including charitable donations, grants, and bequests.

Hired by TLPI In 1980, the American City Corporation made recommendations on how the city could encourage economic reinvestment. Recommendations included real estate development projects of commercial and cultural facilities, improvements in the arrangement of roads and parking space, and the promotion of tourism. Following these recommendations, TLPI has raised a substantial fund from the public and the private sectors and allocated it to recommended projects. TLPI is working together with the Lowell Development Finance Corporation (LDFC), a non-profit private financing organization formed by local financing companies in 1974. TLPI identifies entrepreneurs with industrial development projects sound enough to generate substantial employment needed within the city. Then, TLPI provides technical assistance to the projects in order to make them happen. The LDFC, on the other hand, provides financial support to them, bearing some risks with lower than the market level return. It also pays the director and staffs of TLPI. Beside these project-making tasks, TLPI markets and promotes the city as a place to live and locate a business through market research and holding various events. TLPI has evolved from a planning and policy making body to a marketing / promotion force with a financing function through asking the whole community to donate.

Implications

TNI's evolution suggests that there is not yet a high

possibility for the establishment of a new partnership organization for Kawasaki if everything in Kawasaki is unchanged. Kawasaki and Newcastle have several differences, which would negate the birth of the organization. First, a large steelmaking and engineering corporation will have tremendous influence on the redevelopment of Southeastern Kawasaki due to its dominance in land ownership. Second, Kawasaki has the political centralism which is different from that of Newcastle in that the Japanese Central Government is badly fragmented among several sub-autonomous Ministries. Third, the City of Kawasaki is conflicting with the Prefectural Government on the City's inferiority of authority in city planning to the Prefecture. Fourth, historically, large cities like Kawasaki do not have sufficient political influence to national policy-making due to the dominance of the ruling party whose constituency is largely in rural Japan. Fifth, Kawasaki do not have local leadership in its commerce. Finally, there is a poor record of citizenship: therefore, residents do not participate in the process of urban redevelopment.

Besides the shared circumstances shown in Table 3, Kawasaki share with Newcastle some other circumstances in which TNI was formed. These circumstances are: lack of corporate philanthropy; hierarchical society; political centralism; and undiversified ethnicity, or less pluralistic society. Though the possibility is minimal, the analogy that TNI's socio-politico situation is similar to Kawasaki in these respects would imply that a new partnership organization similar to TNI can come about in Kawasaki.

Table 3. Common situations

	S.Kawasaki	Newcastle	Lowell
1) Are there political, or economic, or social problems affecting the whole community or its urban physical environment?	0	0	0
If any, policy failure in economic development?	*1	0	0
economic decline?	*2	0	0
social?-----ethnic conflicts?	*3	o	0
2) Is the real estate development a risky business	o	0	0
3) Deindustrialization causing mass-production to out-migrate to overseas sites.	0	0	0
4) Aging community	0	0	0

0: represents "YES."

o: represents "YES, yet to the lesser extent"

*1: Some possibilities due to the political confusions of the authority of governments at each level.

*2: As explained in Chapter 2, some possibilities due to deindustrialization.

*3: As explained in Chapter 2, some possibilities, if national policy has changed.

2. Goals, objectives, and related issues 20.21

Goals

TNI

TLPI

- To produce a steady growth in local employment
- To produce an improved urban environment
- To produce the maximum possible contribution to the whole North East region

(Ultimate goal)

To make Lowell the most economically viable and physically attractive city of its size in America

Regional and local economic revitalization

↓ (Ultimate goal)

To realize a vision as a "regional capital"

Objectives

TNI

TLPI

1) To provide a forum for discussion between executives from the public and private sectors

(Stated but not clearly as objectives)

2) To identify major flagship schemes which can symbolize Newcastle's regeneration in tangible form and attract commercial support and businesses from the private sector

1) To market and promote the city by campaigns as a better place for housing

3) To monitor and facilitate the work of TNI project taskforces responsible for the implementation of the flagship schemes

2) To support existing private real estate developments and public projects

4) To promote national and international interests in commerce and opportunities in Newcastle and its region

3) To provide new businesses with financial and technical supports

TNI

TLPI

5) To inspire growing pride and confidence among the people of Newcastle in the future of their own city

4) To encourage cultural and educational programs

6) To link business and education

Comparison

The TLPI's goals and objectives, on the one hand, have had the opportunity to change for the last eleven years; yet the TNI partnership has had more opportunity to learn from the successes and failures experienced by other partnerships in the U.S., including TLPI. It is interesting and instructive to see how different both partnerships' goals and objectives are, because they may suggest some hints of success for a new organization to be proposed for Kawasaki. However, in general, the goals of nonprofit development organizations are not critical to the question of whether or not a organization is successful, because their goals are so similar and generic that one cannot distinguish one organization from another. Such goals include seeking and realizing development projects, increasing employment, improving the physical environment, and strengthening a sense of community. Both TNI's and TLPI's goals cover these so that it is hard to distinguish them. They are comprehensive and long-term but by themselves do not tell me how distinctive each partnership organization is, in what sense each city is different from other cities, and what differences are worth being strengthened by the activities of each partnership.

The objectives of both organizations show their distinctiveness. Responding to different economic circumstances, both have the same starting point but different ways to reach their goals. According to the objectives tabulated above, both partnerships seek to provide

a forum for the private and the public sector as a starting point. The provision of a forum with the public sector implies that a group of leaders from the local business community has regarded the negative circumstances which the whole community has faced as an opportunity for them to contribute to the whole community. But TNI's objective 4) and TLPI's 2) and 3) point out different strategies. Besides, substantial international capital has been invested in the Northeast of England, TNI, on one hand, pursues mainly commercial projects and "the development of commercial and cultural links with Japan," such as Japanese restaurants, gardens, and a material arts training center. The TNI's interest reflects the favorable reaction of the Newcastle community to current investment made by the Japanese manufacturing industries. On the other hand, no international capital has been invested in Lowell, but there have been ongoing projects led by TLPI itself and the City, and other organizations, such as the LDFC and agencies of the National Urban Park program. Most of these have utilized charitable donations, grants, and bequests from domestic sources and have aimed at the same goal of economic revitalization for Lowell. Thus, objectives of both organizations are well linked to the specific situations.

Implications

A partnership development organization in an area will not be able to get enough support from the public if its goals are too generic even though its objectives reflect the area's specific economic circumstances. TLPI does not pay particular attention to getting support from the public; TNI, seems to be more sensitive to public support, though it is not necessarily enthusiastic about it. My study shows that both organizations do not include input from citizens in their decision-making. Perhaps, their ways fit in their political

landscapes in which citizens are more active to bring their interests in political arenas than Japanese. But, from my view, I believe that the redevelopment of Southeastern Kawasaki, in particular, needs to involve the public in its process. In this regard, the goals of a model organization for Kawasaki should articulate its potential to open up a way to democratize various communities, and the objectives should be specific to respond to Southeastern Kawasaki's situation and problems. It is desirable to differentiate the uniqueness of the partnership organization of Southeastern Kawasaki from other ones. The goals of the partnership should suggest social change from a corporatist democracy to a pluralist one. Proposed goals are:

- To promote a democratic and efficient development process in Southeastern Kawasaki and to present a sound policy for redevelopment and implement it by coordinating different interests and balancing benefits for different entities.

The objectives, on the other hand, should also reflect the specificity of Southeastern Kawasaki pointed out by my interviewees. From the summary in Chapter 2, I identify these issues as criteria for the objectives: the unpleasant urban environment (2), bad image of the area (3), the confusion of governmental policies and authority (4, 5, 7, and 8), the speculative real estate market (10), and the problem of individual and corporate citizenship and leadership (11, 12, and 13). My proposal is:

- To mobilize citizens to participate in the urban development process.
- To solve the governmental policy confusion by providing a forum for governments from all levels, the dominant private corporations, and the public.
- To secure public benefits by controlling the real estate market so that it will not overheat.

-To promote efficiently the rearrangement of land use to realize a better environment and a better image of the city by managing the exchange and purchase of land according to redevelopment plans for housing, commercial districts, and industrial sites.

-To foster both corporate citizenship and individual citizenship through stimulating each other within its members.

3. Structure, function, and membership 20,21

Structure and function

TNI

Board of Directors (16)-----paid by their own organizations
Bi-monthly meetings

- To make efforts to bring about public benefit within the TNI's scope of goals and objectives
- To make strategic decisions affecting the city's future development.
- To provide leadership and expertise necessary to the development projects
- To discuss general schemes of revitalization, narrow them down to specific issues, and identify particular economic, cultural, social, and educational revitalization projects
- To set up Taskforces for the projects

-When agreed by a simple majority of the Board members, a specific project is formally adopted by TNI for promotion: then, a Taskforce will be created.

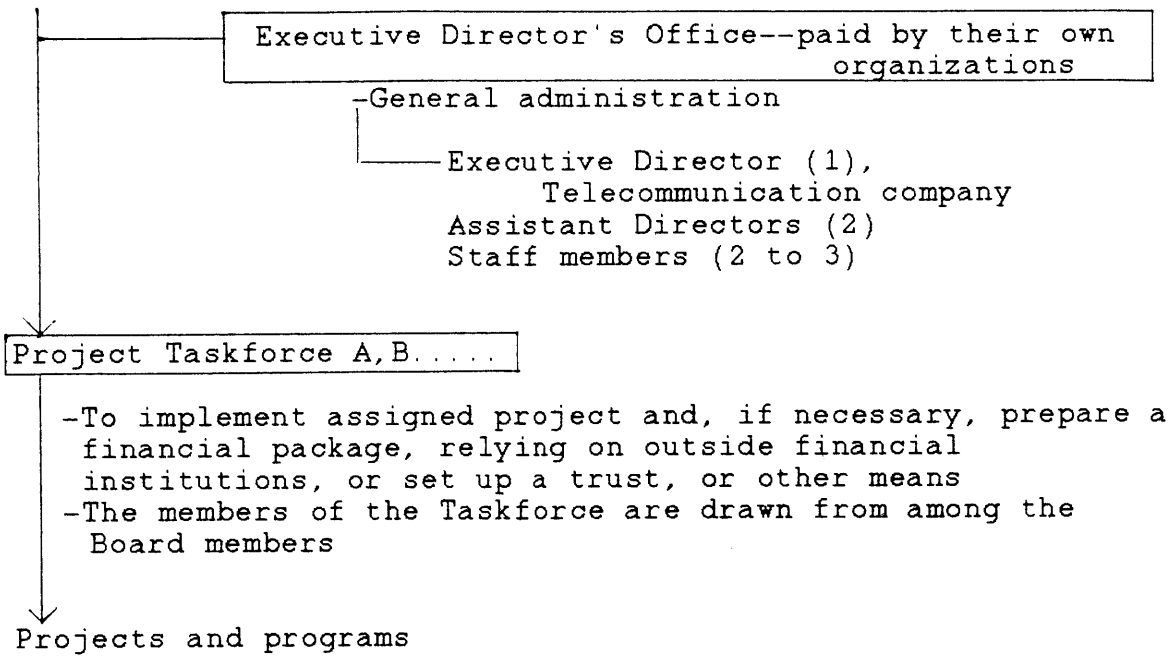
-----Chairman (1) from a regional saving & loan company
-----with the right to vote

-----Senior members (11)-----with the right to vote
Private corporations (9)
Financial institutions (2)
Media (2)
Developer (1)
Other industries (4)
Academia (2)

-----Invited members (4)-----without the right to vote
The City (1)
Quasi-county government (1)
Quasi-public agency (1)
Central government agencies (1)

↓
Leadership skills
Expertise





Board of Director (25)-----paid by their own organizations
Monthly meetings

- To propose a project and programs to realize the goals
- To provide swiftly the data, funding, staff, and collective business skills necessary to advance the proposed projects and programs

Chairman (1), President (1), Vice-President (2),

Treasurer (1), Secretary (1) from the private sector

Senior members (25)

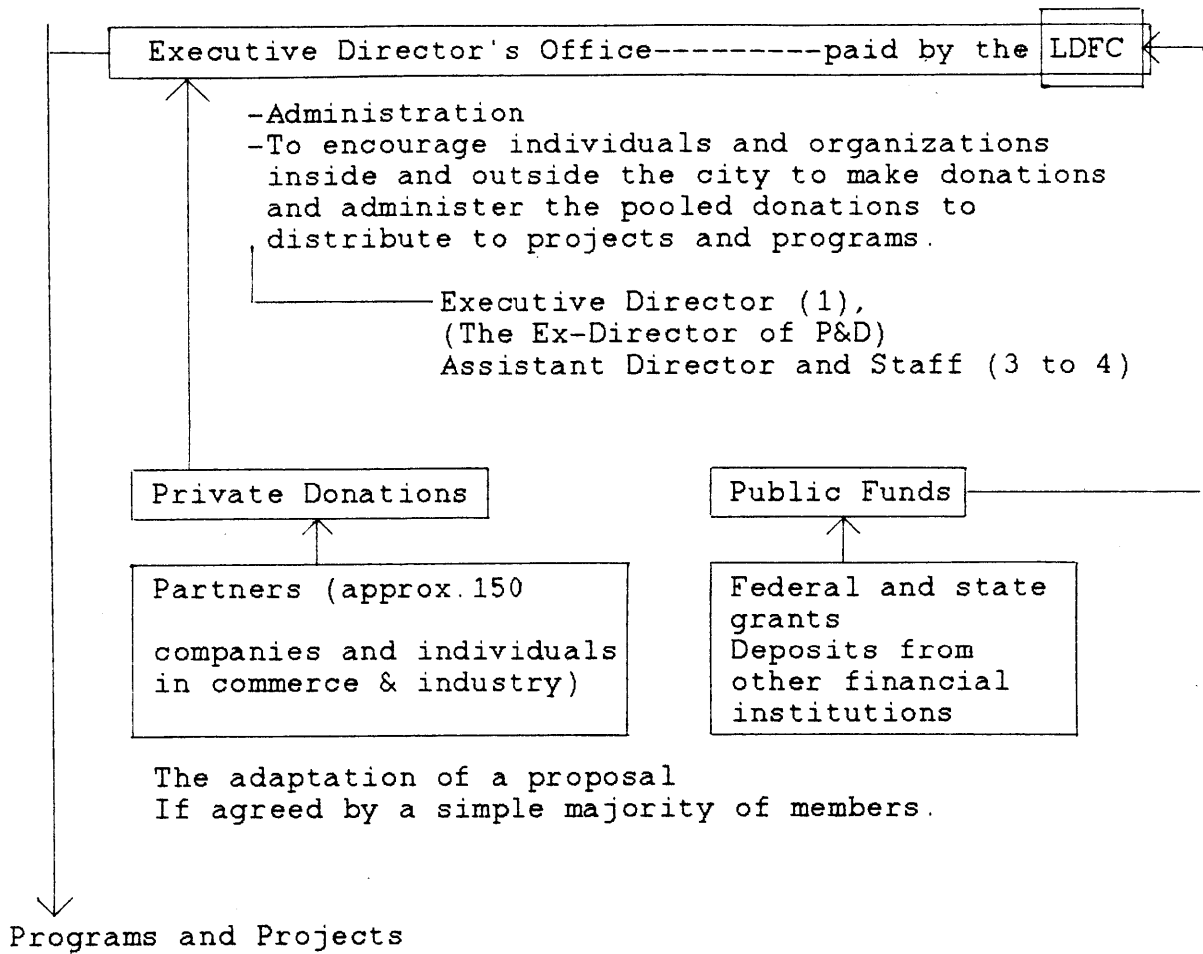
Private corporations (19)
Financial institutions (5),
Media (1),
Hospital (1),
Developer (4),
Other (8)

The City (3)
Mayor
City manager
Director of Planning & Development

Quasi-public organization (1)
Regional Chamber of Commerce & Industry

Academia (2)

Expertise and leadership skills



Functional characteristics

TNI	TLPI
<ul style="list-style-type: none">•Free from bureaucracy•Dynamic and flexible	<ul style="list-style-type: none">•Free from bureaucracy
<ul style="list-style-type: none">•Planning and policy making (Board)•Project making (Taskforces)•The exclusion of the financing function	<ul style="list-style-type: none">•Technical and financial support for city-wide economic regeneration•Cooperation with a nonprofit financing organization•Donations and funds from corporations, individuals, and public organizations

Membership (members' relationship)

TNI	TLPI
<ul style="list-style-type: none">•Private sector initiative with membership from the City, local economic development organizations, and academia, and the business community	<ul style="list-style-type: none">•Private sector initiative that involves the City
<ul style="list-style-type: none">•Self-selected members•Balance of power in decision-making within the Board	<ul style="list-style-type: none">•A wider membership through donation•Some fears of a large national corporation's influence in collective decision-making within the Board
<ul style="list-style-type: none">•The public sector does not have the right to vote	<ul style="list-style-type: none">•The public sector has the right to vote
<ul style="list-style-type: none">•Weak citizen participation	<ul style="list-style-type: none">•Weak citizen participation

Comparison

To prepare for the later chapter where I will build a model public-private partnership organization, I have to clarify the relationship between the members of the Board (Appendix B.) and their companies, which I consider one of the most important structural factors. Principally, the member who

participates in the partnership is an individual rather than a representative of a corporation. The formations of both partnerships were possible because the status of participants from the private sector was not simply "private companies representative", but as an "individual" with professional skills who had loyalty to the whole community. In this respect, both partnership organizations are not a partnership of public and private sectors, but a partnership of local private and public leaders. If the participants from the private sector were representatives of private companies, TNI and TLPI would not exist simply because a private company-controlled partnership would be unable to prioritize long-term public interest before private profit. Conversely, if the member is simply an individual who does not have any close relation to corporations, a partnership will be workable, but, it will be a less effective and less efficient organization. Both partnerships have been able to evolve as effective and efficient organizations to realize public benefit through economic regeneration because both concepts--- individual social responsibility and corporate social responsibility----- have been established as important social values in the whole communities where both partnerships have evolved. In other words, citizenship and corporate citizenship have enabled both partnerships to evolve.

As for membership, both organizations are inflexible. Particularly, the Board members from private firms were exclusively top executives. Also they were self-elected and their memberships are almost permanent. Any condition requiring one's position in a company cannot be found in the goals or objectives of both organizations, and there is no necessity for permanent membership. Why do both organizations include top business executives as Board members and permanent member? In my view, there is only one reason: top

executives of local private firms have invested so much capital in their city and devoted their own lives so much to their own business based there that they can never abandon them. They cannot permanently leave the city. This would be the source of loyalty and an important qualification as a member of a nonprofit public-private partnership organization.

At a glance, both partnerships seem to share a similar structure, similar functions, and similar membership; however, there are several significant differences. The most distinctive difference is the availability of the financing function. In terms of capital gap, TLPI with a financing function is filling the gap by gathering donations and funds from outside sources and investing them in marketing and promotion activities. TNI, or its taskforces, on the other hand, rely on the market mechanism when they need financial packages for projects though some of their projects form trusts. According to Henry Hansmann's classification depicted below, both organizations fall into the donative / entrepreneurial (B) nonprofit sector.²² His matrix uses two criteria: the source of income (Donative or Commercial?); and the means of control (Mutual or Entrepreneurial?). If the power to elect the board of directors is in the hands of the organization's patrons, the organization will be referred to as "mutual." If the board of directors is self-perpetuating, the organization will be called "entrepreneurial."

	Mutual	Entrepreneurial
Donative	(A)	(B)
Commercial	(C)	(D)

To emphasize the difference between the two organizations, I divide the donative source of income into these two:

personnel expenses only (B-1); and personnel expenses and funds for programs and projects (B-2). TNI falls into (B-1); TLPI falls into (B-2). TLPI's financial sources are donations from private companies, other organizations, and individuals, and grants from the federal and the state governments. TLPI also works closely with LDFC, a non-profit financial corporation. As discussed in the last section, the availability of financing reflects investment circumstances of both cities. The same respect should be considered when a partnership organization is proposed for Kawasaki.

The second set of differences is with respect to dynamics and flexibility. Being free from the evils of bureaucracy would be a distinctive feature of both partnerships if I underscore the formal positions of TLPI, such as Chairman, President, Treasurer, and Secretary. But, TNI has a more dynamic and flexible structure than TLPI. In essence, the TNI's Board sets the general direction in which each Taskforce goes, but basically does not intervene in the details of what the Taskforces do. In the decision-making process, the Board-Taskforce relationships are very flexible and informal because the Board consists of all the members who participate in each Taskforce, and the members can easily bring in and out any problem and idea between the two autonomies. Leadership is also changed flexibly from one leader to another according to the stages of the project. In contrast to government, these dynamics and flexibility are major merits for a public-private partnership organization.

There are a few minor differences. The first is the public sector's right to vote in decision-making. TNI does not include it; TLPI has. This would indicate a subtle difference in the role of the public sector. TNI's public sector members would be more like advisors than those of TLPI who would be

members equal to the business leaders. Therefore, TNI would be more of a private sector initiative than TLPI. (This does not however mean that TNI is for-profit.) Another is the degree of influence from political ideology. TNI would be freer from political ideology than TLPI due to its cross membership among more various public and quasi-public organizations and agencies than those of TLPI. TLPI has only one public organization, the City. It is impressive that despite hierarchical British society, a dynamic and flexible organization like TNI has evolved. This is instructive particularly to Kawasaki because from my interviews I found that Japanese society is as hierarchical as British society.

Implications

Even if a public-private partnership organization is formed for Kawasaki, it is unlikely for the organization to include a financing function based on donations. This is because, related to individual's and corporate citizenship, there is no tradition of donations. Individual's and corporate citizenship also will be critical factors for the establishment of the partnership organization because they are the major mental sources of leadership and philanthropic activities. Both types of citizenship have not been considered as important in society, and leadership is weak particularly in local commerce. Besides, large national corporations dominate the local economy.

Human resource is also a crucial factor. There is the scarcity of human resources of such top business executives that have invested so much capital in their city and devoted their own lives so much to their own business based there that they can never abandon them. In this respect, the model partnership organization should provide the local, small or mid-sized business owners of the Kawasaki Chamber of Commerce

& Industry with an opportunity to recover its status as coordinator of all the businesses in Southeastern Kawasaki, balancing power between large corporations and small or mid-sized companies. I discuss later how to balance power in such an organization.

The participation of residents is a more difficult issue for a model partnership organization for Kawasaki to handle than for TNI and TLPI. As long as Kawasaki is a city in Japanese corporatist society, residents as a whole are always a "second entity," which subordinate to both public and private corporations. But the exclusion of resident participation is not suitable for the area where residents are seriously underserved in terms of the political representation of their interests. One possibility for solving this problem is to set up a two-phase dynamic model organization. In the first phase the public sector and residents are placed on advisory status. This will fit present Kawasaki where the governments at different levels have confusion and fragmentation in policy and authority, and residents are not yet politicized. This partnership organization's priority in the first phase will be conceptual redevelopment project proposals. In the second phase the whole community will be politically active enough to form organizations; therefore, the partnership organization should modify its structure to respond to these social changes in the following three respects. First, to allow governments and citizens to participate in the decision-making, the organization should designate the right to vote for them. Second, to involve the governments and citizens in building public-benefit concerning opinions, the organization should formalize public discussion groups for them. Finally, to make its activities financially accountable, the organization should have financing function with fund-raising capability.

4. Responsibility

Legal responsibility

TNI 23

TLPI

By charity laws or common-law:
To realize public benefit which
the law recognizes as charitable,
such as:

- (i) public amenities including
the repair of bridges, ports,
and highways, the preservation
of the countryside and the
country's architectural heritage,
and the establishment of public
facilities

- (ii) advancement of industry,
commerce, agriculture, horti-
culture, and craftsmanship

- (iii) mental and moral improvement

-The charters of the IRS or
common-law
The same as TNI (IRS
§501(c)(3) defines
nonprofit organizations
as organized and operated
exclusively for
charitable purposes)

The law prohibits TNI from
distributing profits among
its members but protects them
by limiting personal liability
if the company becomes insolvent.
Note that nonprofit organiza-
tions are not prohibited from
earning profit. They must devote
any surplus to financing future
services or distribute it to
noncontrolling persons.

-The law prohibits TNI from
distributing profits among
its members

Moral responsibility

TNI

TLPI 24

Be trustworthy to other members
and the public

-Alike: -The duty of loyalty
to the ultimate charitable
beneficiaries and the
commands of the charitable
charter
-The duty of care

Comparison

The legal definition of both organizations as nonprofit derives from the common-law which defines charitable purposes. TLPI is defined a nonprofit or tax exempt organization by Section §501 (c)(3) of the Internal Revenue Service. According to Weisbrod, TLPI is one of "the public type nonprofits that generates sizable external benefits to persons who do not help to finance the organization's activities." TNI, on the other hand, is registered by the Registrar of Companies in England and Wales as "a company limited by guarantee," (Appendix A) which is one of three institutional forms for "charitable" purposes in the U.K. In these definitions in the two countries, the word "charitable" is common and defined by the common-law. I summarize the concept structure of both "a company limited by guarantee" and "charitable" purposes by quoting Michael Chesterman's book, "Charities, Trusts, and Social Welfare. "The legal definition of both organizations as nonprofit derives from the common-law which defines charitable purposes.

"A company limited by guarantee" is an appropriate legal form for TNI in two respects. First of all, the democratic function of the form suits TNI's activities undertaken collectively by a group of people, not by an individual. Second, the legal prohibition against profit distribution among members could make the public trust that TNI has committed itself to stand for public benefit so that the public politically support TNI.

However, both TNI's and TLPI's structures have a legally ambiguous relationship between the Board members and private firms that they represent. It would be easy for the participating leaders to manipulate the course of activity for their own benefits, and the benefits would be huge

because the member's companies are not small institutions. British and the American laws prohibit the distribution of profits among members, but the judgement on the non-distribution of profit would be difficult in a case in which a member's private company benefits from a project implemented. In this case, a portion of the profit earned by the company flows back to the member as his or her income.

The maintenance of a member's high public interest motivation is left to the individual's goodwill. This is more commonplace in the U.S. and the U.K., though it is in the Japanese experience where officials of public organizations working closely with the private sector are often involved in bribery cases. Some years ago, the City of Kawasaki abolished its new urban redevelopment division because the chief officer of the division was involved in a scandal with a private developer. This scandal caused the resignations of some high ranked Diet members and the resignation of the Prime Minister. In this respect, from a Japanese maintaining high motivation of the participants turned out to be more important than legal responsibility when I asked the question: Don't the members have a limitation in realizing their goals and objectives and the representation of the public interest?

For example, Mr. Hay stressed that each participant in TNI is aiming at a personal contribution to improving the Newcastle community as a whole, not personal benefits from their decisions made in TNI. He put it: " [In other developments in other areas] there are some efforts from which people have gotten direct beneficial interests. They are developers and landowners. But essentially, what we have tried to do is to bring forward a team, none of whom would have substantial personal benefits." TNI has a constitution stating that

members may resign at any time, or may be asked to resign by the unanimous vote of other members, while TLPI, as far as my study is concerned, does not. However, in my view, neither these individuals' goodwill nor written regulations are a sufficient mechanism of moral control. Sustaining high motivation cannot be secured by the assumption that the members' ultimate profits are self-realization, which gives them the highest satisfaction of all in their lives.

The maintenance of motivation is left not only to members' goodwill. The strong tie among the members reflecting their pride as both a responsible individual and highly ranked business leader is a mechanism to maintain motivation. Members are all executives, whether they are from the public or the private sector. It is difficult for them to risk their social position by seeking private benefit. There is a more important mechanism. Some incentives may control high motivation. From the Japanese experience, I cannot conclude that the sense of philanthropy or self-realization will be sufficient incentives. There must be long-term economic incentives in their minds. Regarding TNI, Mr. Hay did not deny this point. As he commented, at the end of TNI's activities, their companies should be more profitable; however it is very slow and indirect. Though it is true that the members of both partnership organizations would not directly get profit from their activities in the organizations, their companies will indirectly get substantial profits from the goods and services sold to people when the organization's projects achieve their goals and the city succeeds in revitalizing its community and economy. In this case, the bank, the finance company, and the development corporation would get substantial profits from investments which are attracted by the probable resurgence of the local economy at an earlier time than other product-

oriented companies. This is because first investments occur, second, the economy gets active, and then the profits produced are redistributed to the general public who purchase products. Remember, for example, the Chairman of TNI is a financier of a large savings & loan company; others, a banker, developer, and so forth. I do not intend to blame their hidden incentives but rather to define correctly their positions. Therefore, the benefit of the participants is not only the satisfaction of self-realization or philanthropy but also indirect economic returns from the long-term perspective for their corporations.

As far as its legal definition is concerned, the form of a company limited by guarantee does not fit TNI's purpose perfectly. Did local business leaders found TNI for any of the "charitable" purposes? TNI's purpose is economic revitalization and urban physical improvement through redevelopment projects, of which 90% is commercial and 10% is cultural, and the creation of cultural jobs. This purpose to fall in "other purposes beneficial to the community" and it corresponds to public amenities, advancement of industry, commerce, and craftsmanship, and mental and moral improvement. But, to be precise, TNI's purpose overrides them. In other words, TNI's purpose of economic revitalization includes not purely "charitable" purposes. The development projects of TNI would create profit directly for certain people, not the whole public, while they would have some impacts in revitalizing the whole local economy.

Implications

When it comes to Kawasaki, local business leaders can hardly accept the concept of "nonprofit" because there is no tradition of corporate philanthropy. But the fact that indirect, long-term economic return was a legitimate reason

for the local business leaders of Newcastle and Lowell to establish TNI and TLPI, respectively, has a positive impact on motivating the business leaders of Kawasaki to form their own nonprofit partnership organization. Because Japanese business leaders have long used long-term perspectives for their business management, they could adopt "nonprofit" organization's long term goals and objectives and the responsibility entailed as members of such an organization.

5. Style of action

TNI	TLPI
<ul style="list-style-type: none">• Concentrating (District project-oriented, aiming investments to the city)	<ul style="list-style-type: none">• Integrating (City-wide marketing- and promotion-oriented, with cultural, and educational programs, as well as housing, commercial, and industrial projects)
<ul style="list-style-type: none">• Strategic with region-wide view (Well prepared projects and Lobbying the central government for the provision of infrastructure)	<ul style="list-style-type: none">• Reactive with city-wide view (Provision of resources to projects and programs from the Board members and direct involvement with the City in city-wide infrastructure improvement projects)
<ul style="list-style-type: none">• Direct and swift (Project implementation by Taskforces and direct involvement with local authorities in planning and policy-making affecting the districts focused by TNI)	
<ul style="list-style-type: none">• Discretionary and less accountable	<ul style="list-style-type: none">• Less discretionary and accountable

Comparison

Though it relates to how long the partnership organization has been in operation, the two organizations have several different styles of action. First, TNI 's actions concentrate on a couple of areas in downtown, while those of TLPI have a wider context. TNI specified its roles as four schemes whose focus is on two run-down downtown commercial areas. Though focusing on downtown, TLPI draws its interest on a larger geographical area with multiple fields of policy. In other words, TNI's interest is primarily commercial development while that of TLPI is the integration of commercial,

industrial, residential, cultural, and educational development.

Second, there is a difference in perspective. TNI shares a region-wide perspective in economic development with regional economic development organizations and the City as well, while TLPI shares city-wide development policy and projects primarily with the City. TNI's lobbying the legislators in the Central government results from its region-wide perspective. It is an important role for TNI to bring into its region large scale projects. TNI was successful in lobbying the Ministry of Transport for the construction of a bypass in the western part of the city near the Theater Village Project area. The bypass road will be extended from a major expressway system planned by the Ministry as a national project. 20 million pounds will be put into the bypass project by the Ministry and the project will start in 1992. TNI expects the project will create two thousand permanent jobs within the region and have a positive impact on the Theater Village Project. From its wide range of programs and projects of TLPI, on the other hand, I infer that TLPI tends to react to various problems as they come up on the agenda in the Board meetings.

Third, TNI's decision-making and project implementation are direct and swift; those of TLPI are not. TLPI has a hierarchical structure as depicted in the structural chart in a previous section, and, I speculate, has some fears that Wang Laboratories Inc., a national corporation, would only influence the decision-making. Wang Laboratories Inc. has contributed much to economic improvements by locating its world headquarters outside of downtown and its training center in downtown. The LDFC, TLPI's collaborative financial institution, has largely relied on the payback by Wang

Laboratories of the UDAG. TNI, on the other hand, has a simple decision-making process. Its constitution states that if projects considered by the Board are agreed to by a simple majority of the Board members, TNI adopts the projects, and the Board members may set up Taskforces to bring about these projects. Once the Taskforces are set up and carry out their projects, they become self-governing autonomies separated from the Board. This is suggested by the constitution, which states that the Board will not have executive capacity.

Fourth, TNI includes a program to provide job and training opportunities for underserved neighborhoods though these are connected to the TNI's commercial projects only, while TLPI does not have a similar one. With regard to real estate redevelopment projects and business start-up projects, TLPI focuses on those which promise to succeed and remain in the city, excluding small, family operated business developments. If they are high tech businesses, TLPI will welcome them more. In this respect, TNI's style of action is more philanthropic.

Fifth, the financial transactions of TLPI are more accountable to interested citizens and other organizations than those of TNI. This is because of the difference in the availability of the financial support function between the two organizations. Because TLPI raises funds and donations city-wide, it must present reports and publicize to the donors and fund providers what financial transactions are made. This financial statement, which is informal and brief helps any interested person understand what the emphases of TLPI's activities are and how donations and funds are used. This accountability is a side-effect of having a financial support function and a nonprofit structure.

Finally, both organizations seem to be similar, but there is a difference in the degree of freedom for their members to act according to their own judgement and do what seems right or best. They are similar in that each seems to assume that its members are allowed to have discretion in decision-making because it is a nonprofit organization made by capable leaders' goodwill and commitment to achieving public benefits. Also, each represents primarily the business community and the merchants in particular districts that their projects focus on, but excludes direct citizen participation. However, the availability of financing within the organization emphasizes the difference in the degree of discretion. TNI gives its member more discretion than TLPI. This TNI's style of action reflects the English citizens' tradition in public policy, which has been to rely upon the capabilities and judgement of trusted administrators rather than on a formal, or written, constitution. Pasty Healy calls this the "discretionary" tradition.²⁶ The self-selected Board members assume that they have the trust of the citizens of Newcastle though they have not been elected through a formal process to select them as representatives. TNI assumes that the members of the Board represent the whole community and are given discretionary power because they are individuals with loyalty to the city, a strong sense of local identity, leadership skills, and expertise, though they have volunteered. TLPI, on the other hand, is less discretionary to the extent that they can confirm how large a constituency it has through receiving donations or funds to specific projects and programs from individuals, corporations, foundations, non-profit organizations, the State, and the federal government.

Implications

The similar in the discretionary tradition between the

Japanese and the English. In my view, the Japanese tend to assume public administrators to be trustworthy enough to rely on their capabilities, judgement, and morale. This does not necessarily mean that the public prostrate itself before them, yet it does mean that the public administrators are always supposed to do good for the public without requests from the public. As a result, Japanese public administrators take responsibility to represent the public, yet in return they hold too much pride that they are more capable than ordinary residents and even the private sector people as well. In such a society, the possibility of forming partnerships between the public and private sectors would be low. But the fact that TNI was established under a tradition similar to Japan's would increase the possibility.

Another difference between both organization's styles of action is meaningful for Kawasaki particularly for its operation considering time horizon. TNI has concentrating and strategic action with a region-wide view; TLPI has integrating and reactive action with a city-wide view. This difference reflects the maturity of organization. To continue to act as a sustainable nonprofit organization, an early success was essential for TNI when it was a new, start-up organization. It is better for the new organization to focus on a couple of particular areas to revitalize the local economy rather than to disperse its resources to a wider area. But it is indispensable for TNI to consider its focus in a larger context and formulate its relation to region-wide development policy. At an early stage of operation, TLPI had a similar strategy: it focused on some real estate development projects. After over ten years passed, TLPI now has an integrated range of programs and projects, yet its view is within the city. I speculate that the current task of TLPI is to add further programs and projects to react to new

demand occurring in the city.

IV. Other issues

1. Connection between economic and cultural developments

Strategy for economic growth

TNI	TLPI
•Building a better image	•Building a better image
•Physical improvement of commercial assets	•Physical improvement of commercial and residential assets
•Provision of job and training opportunities for under-served neighborhoods •Support for start-up small businesses in relation to the projects that TNI proposes	•Emphasis on marketing and promotion campaigns and events
•Economic and cultural property development	•Cultural and educational programs
•Efforts in attracting overseas investment by providing basic commercial services for foreign employees	

In my view, the most important strategy of both organizations in common for inspiring investment to the city is to build a better image of the city. But TNI and TLPI have different elements in this strategy. TNI, on one hand, has two elements: the link between economy and arts, culture, or the entertainment industry, and information. The image-building strategy necessitates not only improving physically run-down areas in the city but stimulating arts and culture industry as a major vehicle, Goddard points out, both to regenerate

the local economy and to strengthen a sense of local identity through improving the quality of life. TNI adopted this strategy in West City Taskforce's "Theater Village" development project. The Newcastle Publicity Taskforce has a supporting role for image-building by informing the public and other organizations of TNI's activities. The supply of information is useful to get a constituency from the public and other organizations. One of the reasons for using the strategy is that Newcastle has basic resources for the strategy in the form of facilities, activities, and organizations. Beside theaters, cinemas, and galleries, Newcastle has BBC and regional television, film production companies, media training workshops, public studios, and cable companies. To vitalize the arts and culture industry, these institutions are working with the private sector: Northern Arts, an regional arts promotion agency, Northern Development Company, a union's industrial development institution, and the University. Another reason for using this strategy is that TNI regards the similar strategies of Glasgow and Manchester as two cases of success. (However, if rather macro definition of "success" is concerned, their strategy has a problem: the discrepancy in economic performance between the North and the South has still remained. For example, in 1990, the unemployment rate of South East England is 3.8%, but that of Scotland Central including Glasgow is 9.1%, Greater Manchester, 7.2% , and Tyne and Wear including Newcastle, 10.4%.)²⁷

TLPI, on the other hand, has been taking time to implement an economic-cultural plan. It has created a city office called the Lowell Office of Cultural Affairs which is in charge of the development of the link between economic development and the enhancement of the community consisting of over fifty ethnic groups. Before the creation of this office, TLPI formed another team called the Lowell Cultural Plan which

aimed at identifying cultural resources and social characteristics and plan action programs for cultural development. Beside this, TLPI implemented educational grant programs to encourage individuals and educational institutions.

2. The role of academia

Academia is supporting TNI's efforts in regenerating the local and the regional economy. As one of the members of TNI, the University of Newcastle provides for the Board analytical reports on regional economic characteristics and proposals for urban redevelopment programs in specific areas. In my view, academia is an indispensable partner for the business leaders of TNI in making a practical and efficient overall plan for the whole community through paying attention to it from various perspectives. I have not been able to study the role of TLPI's members from the academic community, but I expect that it would be almost the same as that of TNI.

VI. Alternative organizations

To discuss this issue, it is useful to use the types of association, to see which categories of organization TNI and TLPI fall into and what optional types of organization there are. Focusing on activity, Gamwell proposed five categories.²⁸ As Diagram 1 shows, he divides associations into "governmental" and "nongovernmental." The latter consists of "private-regarding" and "public-regarding" which is divided into "less inclusive", "more inclusive and nonpolitical-regarding", and "more inclusive and political-regarding."

An alternative organization for TNI and TLPI is a more

inclusive one. It is one that has input from the public. The activities of TNI and TLPI fall into the "public regarding", but I cannot identify them as "more inclusive." With respect to the difference between them in the democratic representation of constituency, TNI falls on the left hand side of the "less inclusive", and TLPI falls on the right hand side near the "more inclusive and nonpolitical regarding."

Diagram 1. Categories of organization

Governmental	Nongovernmental			
	private-regarding TNI TLPI		Public-regarding	
			Less inclusive	More inclusive
			Non-political-regarding	Political-regarding

It would be appropriate for the private sector to promote a city vision and public interest when the public sector itself cannot revitalize the regional economy. But, in my view, both partnerships have a problem of democratic representation of the public interest. I appreciate that TNI marked a significant transformation of the norm of the private sector, which has long been outside of the tradition of philanthropy in England. The members are working very sincerely in order to realize the city's vision for the community as if they were working as trusted administrators because they are motivated to devote themselves to a desirable evolution of the city. It seems to me very impressive because the business community usually takes profit driven activities over public interest. Also I appreciate TLPI in that it has been contributing to the city's regeneration for over ten years

through collaboration with the private sector and fund-raising from various groups, which is an indirect measure of the breadth of support within the community. However, I argue that the perspective of the business community in both partnerships presupposes that the general public understands and trusts their intentions to contribute to public benefit without participation in decision-making. This makes me categorize both partnerships as "less inclusive" in Gamwell's model.

There is little room to argue that government, including the City, or other local authorities, will fill the TNI's and TLPI's places. How about central or federal and regional governments? In the British context, it is unlikely to think that central government with its constituency mainly in the South could support a drastic restructuring of the British economic landscape. In the American context, it is unlikely that the federal government will intervene in local economic issues. Regional governments, county or state level in both contexts, and the City are expected to have ability that the central or the federal government cannot afford. But they cannot fill the TNI's and TLPI's places because they have to represent multiple constituencies, each of whose interests confront one another. Regional and city governments, at least, tend to be cautious when approaching the private sector. How about regional development agencies, such as Urban Development Corporations in the U.K.? They are certainly not appropriate to redevelop the city simply because their aim is for regional industrial development initiated by the Central Government. They are primarily a part of the central government. There are some differences between the British and the American political contexts, but I speculate that government often lacks the ability to organize efficiently other public, or quasi-public

organizations, and the private sector influences local economic development. The reasons for this would be that government has neither a close link with local leaders in various groups, nor sufficient funds nor financial expertise.

An alternative is a for-profit partnership of private companies, or "private-regarding" organizations on Gamwell's map. It could be successful, but not to the extent that TNI or TLPI have been. It could achieve part of TNI's or TLPI's goals particularly with the property-oriented development projects that TNI or TLPI are implementing. Yet the organization's incentives for the projects would be weak because it needs more time and money to satisfy the level of quality that public interest requires than if it starts projects only for their profit. Such a partnership also has difficulty gaining financial or administrative support from the public sector on its projects and programs. This lack of support from the public sector makes the private partnership organization lose incentives for carrying projects and programs aimed at the public benefit. From the perspective of democratic representation of pluralist communities, the private for-profit partnership has more difficulty gaining support from the general public than TNI and TLPI have. Scarce public support does not motivate the public sector to participate in collaborative work with the private sector. In conclusion, the only alternative organization is one which is more inclusive than TNI and TLPI, or one which provides residents and the public sector with an opportunity to participate in decision-making.

In this chapter, I have discussed the problems of existing partnerships including for-profit partnership organizations and preliminary private partnership organizations in Kawasaki and concluded that they are not suitable or sufficient for

the redevelopment of Southeastern Kawasaki. I also discussed Japanese third sector organizations and argued that they do not adequately represent public benefits. If Southeastern Kawasaki is redeveloped by an organization which does not produce public goods or does not represent the public interest, the area's current unpleasant urban environment will deteriorate further. In this respect, if a public-private partnership is desirable for such an area, a partnership similar to both TNI and TLPI will have to be the model. But the questions what will make the model happen and how will it fit into the area are a different discussion, which I will discuss later.

Chapter 5. A model, its applicability, and the factors to make it happen

In the last chapter I compared TNI and TLPI as model organizations, discussed the implications of this comparison, and examined their applicability to Kawasaki. I then proposed the concept of a two-step dynamic mode as an public-private partnership organization suitable for Kawasaki. In this chapter I complete structuring the model to respond to the socio-politico context of Kawasaki where large national corporations dominate the local economy and land ownership.

I. Two-phase dynamic model

In the last chapter, I articulated a two-phase model for the current situation of Kawasaki, the major differences between the two phases, being:

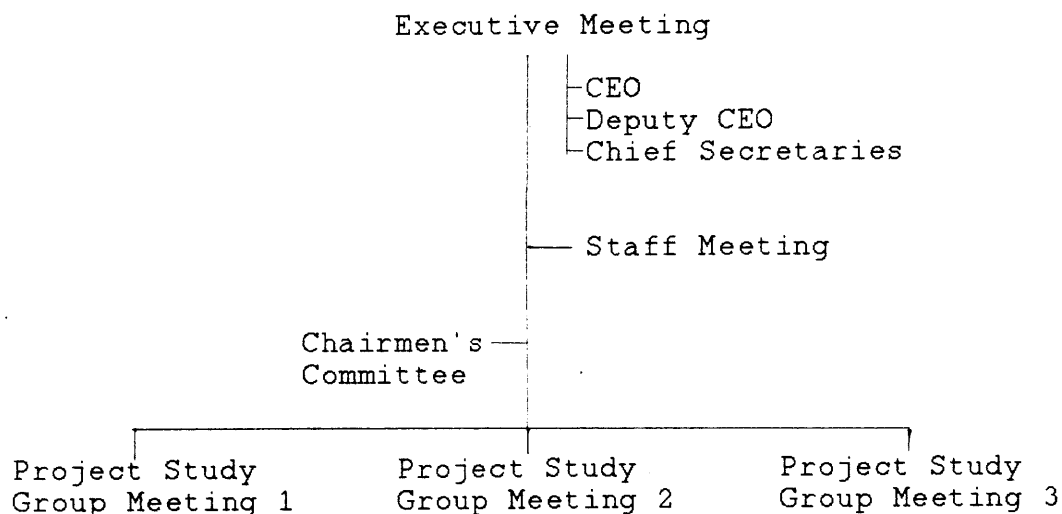
- In the first phase, the partnership organization's role would be to build redevelopment policy, while that of the second phase would be to make concrete projects and implement them through extensive discussions among as many communities as possible;
- In the first phase, the organization would be primarily private sector oriented, while in the second phase, the public sector would be involved more in decision making; and
- In the first phase, the citizens role would be limited only to be advisory, while in the second, it would be extended to the decision-making process.

But still, the structure of the western models that allow members to have mutual authority is not applicable to Southeastern Kawasaki where large national corporations dominate the local economy and a few of them also dominate land ownership.

To mitigate the overpowering influence by dominant corporations, some modifications will be made by referring to the structure of the Ohta-ward Urban Development Corporation introduced in Chapter 2. The lessons learned from the power balancing structure of the OUDC are ¹:

- The powers of large corporations and small local businesses will be balanced by the membership if CEOs represent the local companies and middle class managers represent the large corporations, if they had been CEO's, they would have overpowered the others;
- The arbitrators will maintain the balance of power between the large and the small; and
- A skillful developer from the outside of the local community will be helpful to harmonize members.

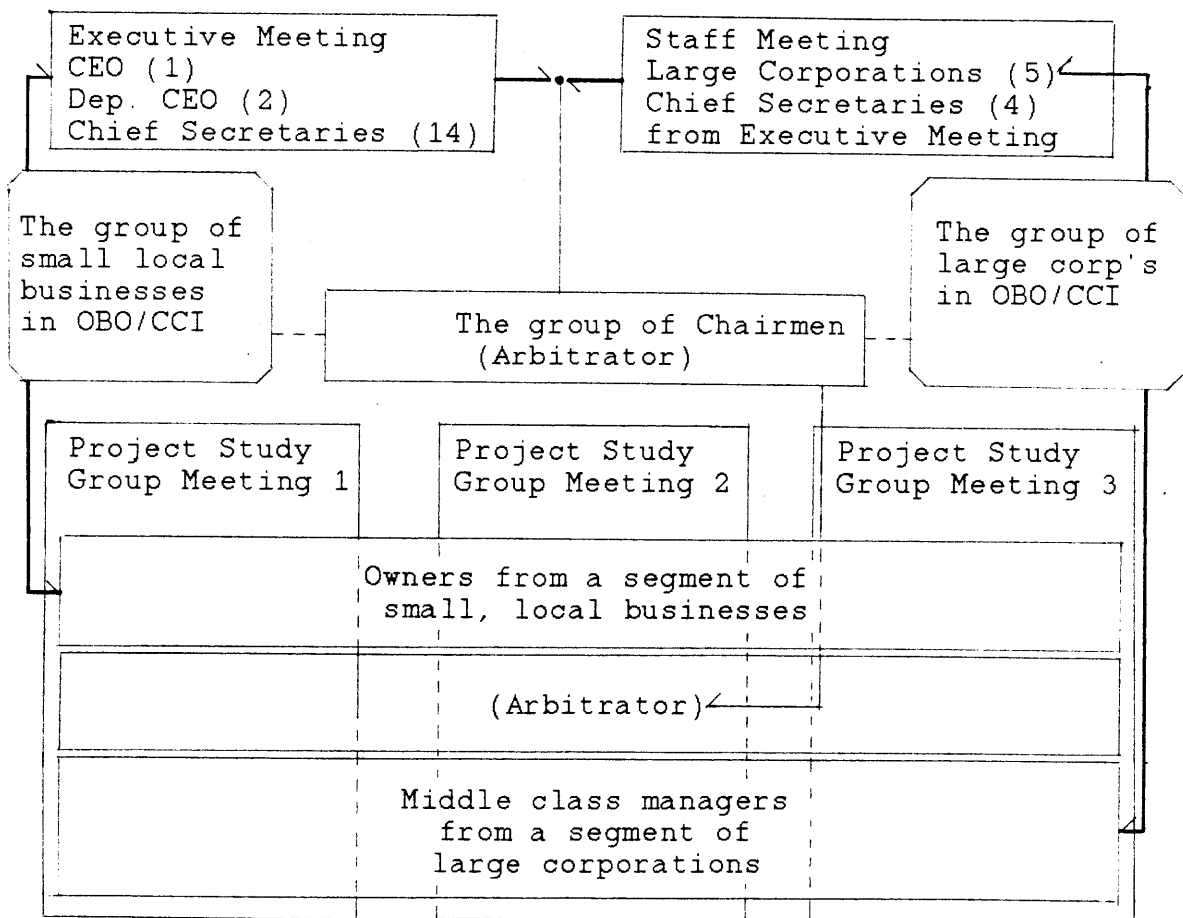
Fig.1



The structure of the OUDC suggests how subtle it is in Japan to form an organization among so many different interests. The Ohta-ward Branch Office of Tokyo Chamber of Commerce & Industry formalized, as depicted by Fig.1, the OUDC's

hierarchy in which four Project Study Group Meetings subordinate to Executive Meeting held by Chief Secretaries, a Deputy CEO, and a CEO. Each Project Study Group has one chairman. The Chairmen's Committee and Staff Meeting are placed between Project Study Group Meetings and Executive Meeting. Each Project Study Group Meeting is a forum for four member companies to address and claim their interests. The Executive Meeting was in charge of the appointment of new members and the operation of the whole organization. The Staff Meeting was held by representative companies from the OBO/CCI. Contrary to the apparent theory of this structure, Fig.1. does not reflect an actual relationship among member companies. The actual relationship is depicted in Fig.2.

Fig.2



Power is balanced between members on the Staff Meeting and the Project Teams. The formal structure designated that the Staff Meeting's function was to advise the Executives, who included twenty founder companies of the OUDC, primarily local small businesses. They provided the Executives with real estate developmental expertise, such as designing, financial study, and political advising. But I infer from Fig.2, they had as much influence on other decisions as the Executive Meeting had. The Staff consisted of a group of representative local companies and a group of large corporations including two general contractors, one developer, one aviation company, and four representatives of OBO/CCI. The two general contractors were the largest of their kind in Japan and had been influencing Ohta-ward economically and politically. The developer, the largest in Japan, owned the largest amount of land in urban Tokyo, including the ward. The aviation company was the owner of the vacant land to be created by the Airport expansion plan. In the Staff Meeting, power was balanced by the way that CEOs represented the local companies and middle class managers represented the large corporations, which would have overpowered the small local companies if they had been CEO's. Every large corporation and local company in the Staff Meeting had another seat in each of four Project Study Group Meeting, which consisted of twenty to fifty members, so that the dominant large companies and powerless local companies were able to influence the work of the organization. Each Project Study Group Meeting consisted of a group of local companies and a group of large corporations. Except for the members of the Staff Meeting, the members of both groups in the Project Study Group Meeting had only one seat. Between the two groups in the Project Study Group Meetings, there might be disputes. It necessitated four Chairmen, the

arbitrators, to coordinate respectively one of four Project Study Groups. Compared to the Staff members, each of four Chairmen was relatively neutral except for one developer who was also one of the Staff Meeting members. Peculiar is the presence of the largest developer both as an arbitrator in a Project Study Group and as a member of the Staff Meeting. Probably, the OUDC depended on the developer to orchestrate member's different opinions and form a consensus which led to smooth decision-making.

Therefore, three characteristics are instructive for my model. First, the OUDC's membership considers social status determined between the position of a member within a company and the size of the member's company. Second, the arbitrators will maintain the balance of power between the large and the small. Finally, a skillful developer from the outside of the local community will be a key to harmonize members.

For the modification of my model, I employ these lessons. But these are applicable only to the first phase, because I assume that in the second phase top executives's leadership and corporate citizenship are sufficient to balance power and orchestrate different interests. As is clear in the previous chapter, TNI is applicable to current Kawasaki as a base structure. But I designate the Advisory Group for the first phase including governments and residents so that the model fits better.

II. Mechanism of resident participation

The model modified in the last section is illustrated below.

(First phase)

Board of Directors (20)-----paid by their own organizations
Bi-monthly meetings

- To make efforts in bring about public benefit within the scope of its goal and objectives
- To make strategic decisions affecting the city's future development.
- To provide leadership and expertise necessary to the development projects
- To discuss general schemes on revitalization, narrow them down to specific issues, and identify particular economic, cultural, social, and educational revitalization projects
- To set up teams for the projects
- When agreed by a single majority of the Board member, a specific project is formally adopted by the Board for promotion: then, a project team will be created.

Chairman (1) from a private corporation
-----with the right to vote

Senior members -----with the right to vote

Private corporations
Financial institutions
Media
Developers
Other industries, etc.

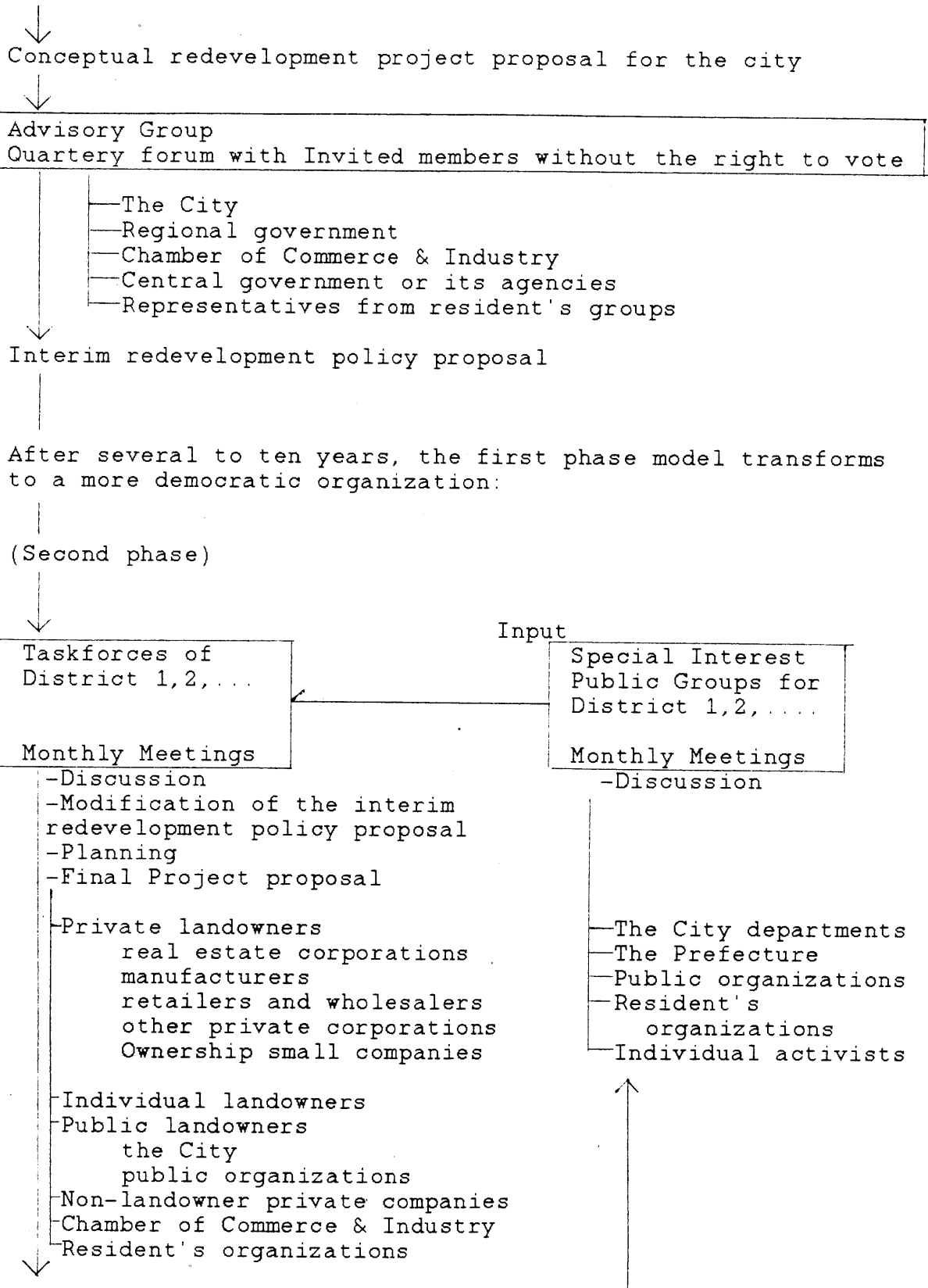
Academia

Leadership skills
Expertise

Executive Director's Office
--paid by their own organizations

General administration

Executive Director, Assistant Directors, and staff



Support

Technical Assistant Teams

- Technical assistance
- Planners from the public sector and the private sector

Executive Director's Office paid by their own organizations

- Financial assistance
- Market study, promotion programs
- Land ownership management
- Executive Director, Assistant Directors, and staff from the dominant corporate landowner and the City

Board of directors
Quarterly Board Meeting

- Approval or refusal of projects proposed by the District Taskforces
- Appointment and resignation decision
- Lobbying to the Central Government

- Chairman elected from the landowner private corporation members in industry
- Representatives from the landowner private corporations in each District Taskforce
- Representatives from district private shop owners organization
- The City representative
- The Prefectural Government representative
- The Central Government Agency representative
- The Resident's representative

Project Team

- Project implementation
- A variety of combinations of members

In the first phase, resident participation is minimal because, in my view, it is too early to put unpoliticized and uninstitutionalized residents into discussions among private corporations. They could not represent the public interest at a table on which nothing is placed. But they can point out what is not appropriate on materialized policy in front of them. In this phase the partnership organization will have to appoint and invite representatives from residents. In the meantime, residents will be mobilized and make their own activities, such as community meetings. In the second phase in which residents' activities reach a high voltage, resident's representatives will participate in discussions with government, through the Special Interest Public Groups, to make input regarding public benefits to specific district forums and the Taskforces for Districts, which are primarily led by the private sector. The Taskforces for Districts modify the interim redevelopment policy proposal made by the first phase organization, and make concrete project proposals. The Board of Directors, including top representatives of every sector, make final decisions on the proposals. Then set up the Project Teams to implement the projects.

III. Actors, causes, trends, timing, and incentives to make the model happen

My analysis up to this point is missing an analysis of what will make my model come about. The study of my model's applicability to Kawasaki in the last section presupposed that the model already exists. So did the structural modification of the model. In Chapter 2, I predicted the future of Kawasaki which I later modified later depending on the point of deindustrialization in particular. But the

modified prediction by itself did not discuss convincingly what will make a new public-private partnership organization happen.

In this coming decade Kawasaki will experience negative impacts for the whole community with an economic decline which will be caused by the decline of the quality in human resources. With inter-connected different interests, the whole community, including the manufacturing industries, the City, residents, and academia, will need my model partnership organization for the redevelopment for Southeastern Kawasaki. A major threat for the manufacturing industries in Southeastern Kawasaki is the decline of the quality in human resources. This will induce the industries to improve the area's environment, one of the most unpleasant urban environments in Japan. The industries have inter-related circumstances which will further affect the labor quality: the unpleasant urban environment, a bad image of the city, aging population of the native Japanese, immigrating foreigners for jobs, and the developing countries' pressure in economic competition on conventional materials and machines. To attract human resources with better quality, the industries will seek to have a better environment around their locus, but the environmental improvement is not a task for a company alone. The City will face the need for sufficient revenue for elderly social welfare. To secure tax revenue, it will need more residents and healthy industries. To locate them in Southeastern Kawasaki, it will have to improve the environment of Southeastern Kawasaki. Residents will be politicized by immigration and public policy in land management and housing. To participate in the process of the redevelopment of their places, they will find a good opportunity in the partnership organization set up for the redevelopment. Academia has a supportive role to the above

three sectors. It should supply them more information on successful western partnerships and their applicability to Kawasaki than my thesis. Above all, the most important actor is a largest land owner corporation. It should recognize its corporate responsibility to improve the environment of the area and take lead to form the partnership organization. In my view, the 90s would be an appropriate time to set up a partnership representing as many different interests as possible and to promote desirable changes in the urban environment.

The city's key manufacturing industries, consisting of steelmaking and petro-chemicals, were major participants in the Japanese industrialization during the post war period. Depending on massive, small and mid-sized industrial companies with disadvantageous employment conditions, the industrialization created one of the most unpleasant urban environment in Southeastern Kawasaki, including polluted river and air quality, the lack of parks, cultural facilities, and advanced educational resources, and low quality housing. These caused to label Kawasaki as a devastated environment. Though a short-term slowdown in its growth was predicted in Kawasaki two decades ago, the industries were able to avoid a major damage primarily because of small and mid-sized companies' ability to respond technological innovation and their labor's flexibility to change occupation.

More recently, Kawasaki has begun to experience the restructure of the manufacturing industries with the threat of de-industrialization. Some of large corporations have been diversifying into high-tech fields, trying to change their focus from conventional goods by mass production to high value added ones by lean production. Some have been

strengthening R&D. The rest have moved out their production overseas or just declined. A major cause of these trends seem to be that since the early 1980s, developing countries have become competitive with conventional industrial materials and heavy machines, such as steel and tankers.

Yet, recently, the industries have turned out to be facing more serious problem, the decline of quality in human resources. Able human resources include skillful labor with the ability to absorb technological innovation with motivation to participate in the part of management, entrepreneurial managers with ability to make strategic business policy with expertise and sensitivity to better work conditions for labor, and practical professionals with advanced knowledge in their specialties and sufficient experiences in general. It is caused and will be deteriorated by an inter-relationship among the unpleasant urban environment, aging population, immigration, unpopularity of the manufacturing industries as the occupation of young people. Since the post war industrialization, the unpleasant environment has imprinted a bad image of the city on the mind of younger generations, and this causes the youths to alienate from the manufacturing industries located in and characterized by the unpleasant environment of Southern Kawasaki. Whether the industries diversify into new fields or innovate their existing goods, they need to improve and maintain the quality of human resources unless they leave the area. It is very likely that the quest for the better quality of human resources converges with the need for environmental improvement. To attract human resources with high quality, the restructuring industries will have to search for the solution and will find it the most effective to improve the unpleasant environment of Southeastern Kawasaki creating the bad image for the city as a whole which

is causing the degrade of human resources' quality.

There an unavoidable event and an impetus which will turn the industries to the movement toward environmental improvement for the whole community. The restructure of the industries is creating redevelopment opportunities. The diversification and technological innovation are creating massive idle land in factory sites, shrinking the need of space for the production of conventional goods. This redevelopment opportunities will match the movement toward environmental improvement. The profit-oriented redevelopment of private interest will be stimulated by a national project of expressways, which run into Kawasaki, to be completed in less than a decade. The project will have a tremendous negative impact on the environment of Southeastern Kawasaki and increase the need for preventing the environment from devastating. It is likely that the corporations owning re-developable, idle land link their private profits to be generated by the redevelopment of their land with a broader environmental improvement as a strategy to get able human resources attracted to the area and the industries. But it is not a task of a company alone. A partnership among various sectors is one of the best tools for the interest of the industries.

I speculate that the public sector and residents, or individuals, in Kawasaki are already expressing the causes, trends, and incentives which will lead them to form a public-private partnership with the private sector over the long term. What they share is an unpleasant environment, including a deteriorated physical setting in Southeastern Kawasaki and city-wide high land prices which are continuously climbing up.

I expect that the City can stimulate the industries to begin

to assure more corporate responsibility. The City has obvious reasons to attempt collaboration with the industries in the redevelopment of Southern Kawasaki. From a recent time, governments in Japan have been warning that the trend of the aging population will gradually increase pressure on their budgets for social welfare within fifteen years. Recognizing this, the City, the Prefecture, and the Central Government will certainly increase individual's tax burden over the years. Currently, its main revenues from the city area depend on high corporate tax rates imposed on industries in Southeastern Kawasaki and relatively low property tax on both industries and households in the Northwest. But to increase revenues, it will have to either have southeastern industries in good shape or increase the number of southeastern residents who are able to pay increasing taxes. The City will not be able to develop the northern region as residential area, because the region is almost fully developed and has a large number of residents. Because re-developable land for residential use is Southern Kawasaki, its unpleasant urban environment is and will be a major obstacle against attracting new businesses, high quality human resources, and residents. The City will have to improve the area's environment. There is an impetus urging the City. National highway projects are coming soon with capitalistic developers, unwelcome, enormous traffic volume. Setting their bases in Kawasaki, some developers are ready to go; one of them has formed a partnership of private companies. In these conditions, the City will have significant incentives to form a partnership to redevelop the area because the organization can achieve public benefits, and reduce the City's financial burden.

There are contingencies, but they will never discourage the City to form the partnership organization. If the City, the

Prefecture, and the Central Government fail to implement new taxation to make social welfare programs work, the City will ultimately want more seriously to form a partnership organization with the private sector. It is unlikely that the governments can raise taxes without opposition from the public. If massive immigration happens in Southeastern Kawasaki and degrade housing conditions in the area, the City will want the organization even more seriously.

The resident participation in the partnership organization is needed because they are important land owners and the change of environment always affects them the most severely. I admit that it is difficult to make apolitical individuals amalgamate politically within a corporatist society, but I speculate that currently, there are some factors to politicize and make them have interest in a partnership organization. The factors are the effect of immigration and the failure of public policy. If the Central Government eases legally restrictions on immigration and job opportunities for foreigners, a massive immigration will happen in Southern Kawasaki and will deteriorate housing condition of the community. This would stimulate the area's residents politically and they would seek chance to participate in the process of the redevelopment of their places. They would identify the establishment of the partnership organization as the best opportunity. If governments fail to implement land price controls or a housing policy to enable younger people to obtain housing units at reasonable prices, resident activists will stand up under the higher income taxes needed for elderly social welfare. They will have to institutionalize with other residents to create organizations which can coordinate fragmented interests of the residents and present public-benefit-regarding opinions. These are likely to happen and have enough impacts on residents' lives

to make them politicize and turn to the partnership organization.

The academic community has a supportive role in supplying information to the City, the private sector, and resident organizations. It should formulate current problems of the Japanese third sector organizations in development and study more western partnerships. Historically, Japanese academia in city planning has been only a derivative field of science or engineering from architecture and civil engineering. Its focus has been on urban development engineering only because such a focus is useful primarily for economic development which is one of the major objectives of a corporatist society. The scope of the academia is the reflection of the nature of the Japanese society. I do not discuss this issue more because the transformation the nature of the academia in city planning would be the next frontier for me.

I discussed four sectors as actors forming the partnership organization. However, the most important actor in my scenario for the establishment of my model partnership organization in Kawasaki is NKK Corporation. I expect that in a few years it will come to realize its responsibility to improve the area physically, economically, and socially. It is one of the largest steelmaking and heavy engineering companies and the largest landowner in Southern Kawasaki. It owns 48% of the area, using their land primarily for several industrial facilities, employees' apartments, and its hospital which serves the entire city. From my interviews, I discovered that the City placed great importance on the movement of NKK. An official speculated that the future of the area would be up to the industries, assuming that no other companies would not take action unless NKK would do. But the industries has already taken actions: it started to

diversify into high-tech industries several years ago; it has decided that it will stop the operation of its iron furnaces in ten years, when national highway projects near its factory sites will already have been completed; and it developed some of its vacant land for expensive apartments. To take lead in the redevelopment of Southern Kawasaki, the industries should understand that environmental improvement is urgent to secure its economic position by attracting high quality labor and maintain the health of the local economy. But the industries has a problem. Aiming at profit only, it has started to plan with a developer and local businesses large, district redevelopment, Kokan Street Redevelopment. The leaders of the industries should be more aware of the changing circumstances in the area particularly with respect to these points.

Though the size of companies would lead to different scenarios, the industries of Southern Kawasaki have to redevelop and improve the area in a concerted manner with the City and the residents. Competitive foreign companies with cheap costs of production are threatening manufacturers, whether they are large or small, in Southeastern Kawasaki. Perhaps, Southeastern Kawasaki will deindustrialize very slowly. For the coming decade, the trend that young people are away from the manufacturing industries will continue to hit the industries. Because of this, local small and middle-sized industrial companies, which have been competitive, will lose their cutting edge. Large corporations will be directly hit by the trend and directly by the decline of the small and mid-sized companies. As a result, the manufacturing industries as a whole will seriously need high quality human resources and will feel the need for environmental improvement to attract them. In less than several years, they will know that environmental improvement is urgent. But it is not a job

for a company alone. They will turn to the City and residents.

The company can take various actions to stimulate and cooperate the City, such as supplying information on the success of western partnerships, asking it for financial incentives, and coordinating with it forums and symposia among other private corporations, small businesses, the residents. To form the partnership with other actors, the company should first stimulate the City.

The City, on the one hand, has an indispensable role of stimulating the public and the private sector politically. It can legitimize direct resident participation in the process of redevelopment projects. The policy failure discussed would cause a negative institutionalization of residents.

But it is not suitable for the model partnership organization to include residents who have negative perspectives to the City and itself. In this respect, the City should avoid the institutionalization of residents based on negative perspectives. To avoid this, the City should legitimize direct residents participation in redevelopment process. The City also stimulate NKK corporation to transform into a good corporate citizen. It can do what I recommended to the company.

There would be an additional actions for attracting private firms and individuals to the partnership organization. First, if the organization is allowed to distribute low rates of return to donors, or investors, those who are interested in the partnership, yet want to minimize losses of what they invest, would participate.

In the long term, Kawasaki will experience socio-economic

changes as I predicted, but if proposed actions for the four sectors do not happen, my model public-private partnership organization will never happen and the urban environment of Southern Kawasaki, including socio-political situations, will never be improved. The restructuring manufacturing industries should take the lead for the private sector with understanding their corporate responsibility in the area. Among these industries, NKK corporation is the key. The City should stimulate the company, other private firms, and residents. Academia should contribute to their collaboration. It is not until the four sector's actions converge at a certain time that Southern Kawasaki will experience the birth of a public-private partnership organization and the improvement its urban environment. In my view, the 90s would be an appropriate time to set up a partnership representing as many different interests as possible and to promote desirable changes in the urban environment.

Chapter 6. Conclusion

My argument for the possibility of forming a new public-private partnership organization in Kawasaki is based on a comparison of economic history among Kawasaki, Newcastle, and Lowell. The manufacturing industries of Kawasaki, especially small and middle-sized local companies, have enough technology to survive, unlike their counterparts in Newcastle and Lowell in the past. Beside my prediction that Kawasaki will face future economic, environmental, and social problems, such as: deindustrialization; aging population; negative impact of national projects; and immigration, the interviews provided me with some negative information on the possibility of Kawasaki forming a new partnership. This information includes political confusion and fragmentation among governments at different levels, real local autonomy, the dominance of large corporations in the local economy and in land ownership, political and economic centralism, scarce corporate citizenship, poor record of citizenship, and scarce leadership in both the private and the public sector. But I speculate that the local government, restructuring industries, and citizens will need a long term, new partnership for urban redevelopment in Southern Kawasaki. Certain needs for realizing public benefits will converge: (1) industries will have to restructure themselves in an attempt to improve the image of the city and to attract a capable labor force; (2) residents will have to improve housing and living conditions, strengthen local confidence, and recognize diversifying ethnicity in the community; and (3) the local government will need to raise revenue to meet the needs of social welfare especially for the elderly. The manufacturing industries of Southeastern Kawasaki will have to improve the local environment to attract high quality

labor, and avoid deindustrialization. I modified my original prediction to some extent but articulated that deindustrialization is not avoidable and the manufacturing industries of Southeastern Kawasaki will have to improve the local environment to attract high quality labor.

I see TNI as an efficient pro-development small government. TNI benefits private corporations, though, Mr Hay stressed, the Board members never pursue a direct personal or corporate benefit. TNI is registered as a company limited by guarantee, which means that the members may not distribute profit among them. TLPI is a non-profit private corporation whose goal, according to a catalogue published by TLPI in 1979, is "to make Lowell the best, most livable mid-size city in America." As time passes by, TLPI's function has changed from a planning and policy making body acting through property developers to a marketing and promotion force. TLPI has used its nonprofit structure to attract resources including charitable donations, grants, and bequests. The local business leaders of Southern Kawasaki can hardly accept the concept of "nonprofit" because there is no tradition of corporate philanthropy in Japan. But the fact that indirect, long-term economic return was a legitimate reason for the local business leaders of Newcastle and Lowell to establish TNI and TLPI, respectively, would have a positive impact on motivating the business leaders of Kawasaki to form a nonprofit partnership organization.

I employed Til's models which highlights the dominant relationships among major entities, including government, private corporations, nonprofit sector, and the citizens in many countries. Kawasaki falls into the corporatist society, Lowell, or middle-size American cities, falls into the pluralist model. Newcastle, or middle size British cities,

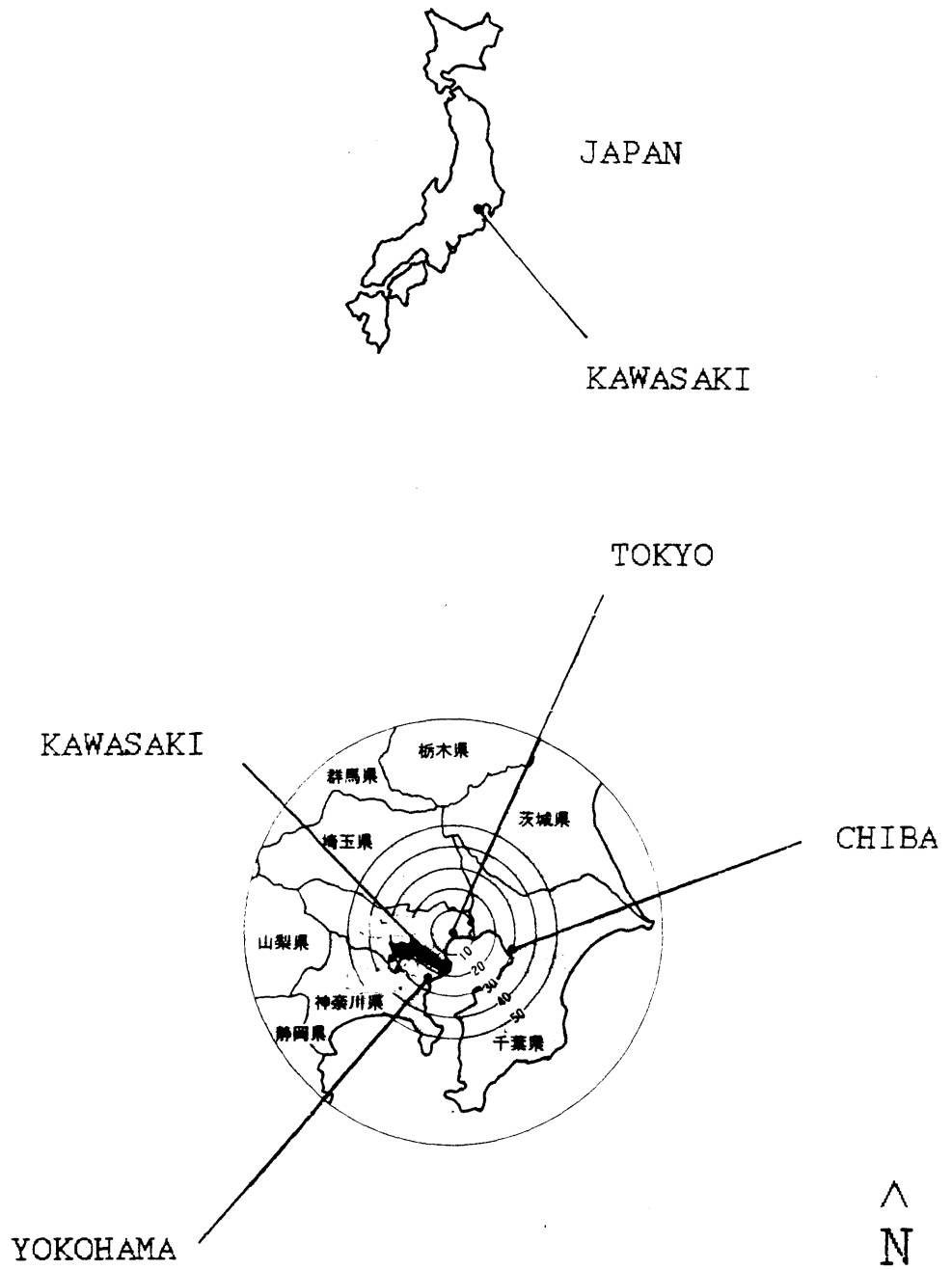
fall somewhere in between the two. My model suggested that Kawasaki will confront difficulties in dealing with the socio-political characteristics of Kawasaki. The TNI's evolution process suggest that there is a small possibility for the establishment of a new partnership organization for Kawasaki if everything in Kawasaki is unchanged. I found that the goals of a partnership development organization are generic though their objectives reflect specific local economic circumstances. I proposed appropriate goals and objectives for a model organization for Kawasaki. It is unlikely for a Japanese organization to include a financing function based on donations because there is no tradition of donations. Individual and corporate citizenship will also be critical factors for the establishment of the partnership organization because they are the major, sources of leadership and philanthropic activities. There is the scarcity of human resources of top business executives who have invested so much capital in their city and devoted their own lives so much to their own business based there that they can never abandon them.

The exclusion of resident participation is not suitable for an area where residents are seriously underserved in terms of the political representation of their interests. I suggested that an alternative organization for TNI and TLPI should be a more inclusive one by referring to Gamwell's map for organization types. I modified western models to fit Kawasaki and proposed a two-phase dynamic model. In the first phase, the partnership organization's role would be to build redevelopment policy, the organization would be primarily private sector oriented, and the residents' role would be limited only to be advisory. In the second phase, the partnership organization's role would be to make concrete projects and implement them through extensive discussions

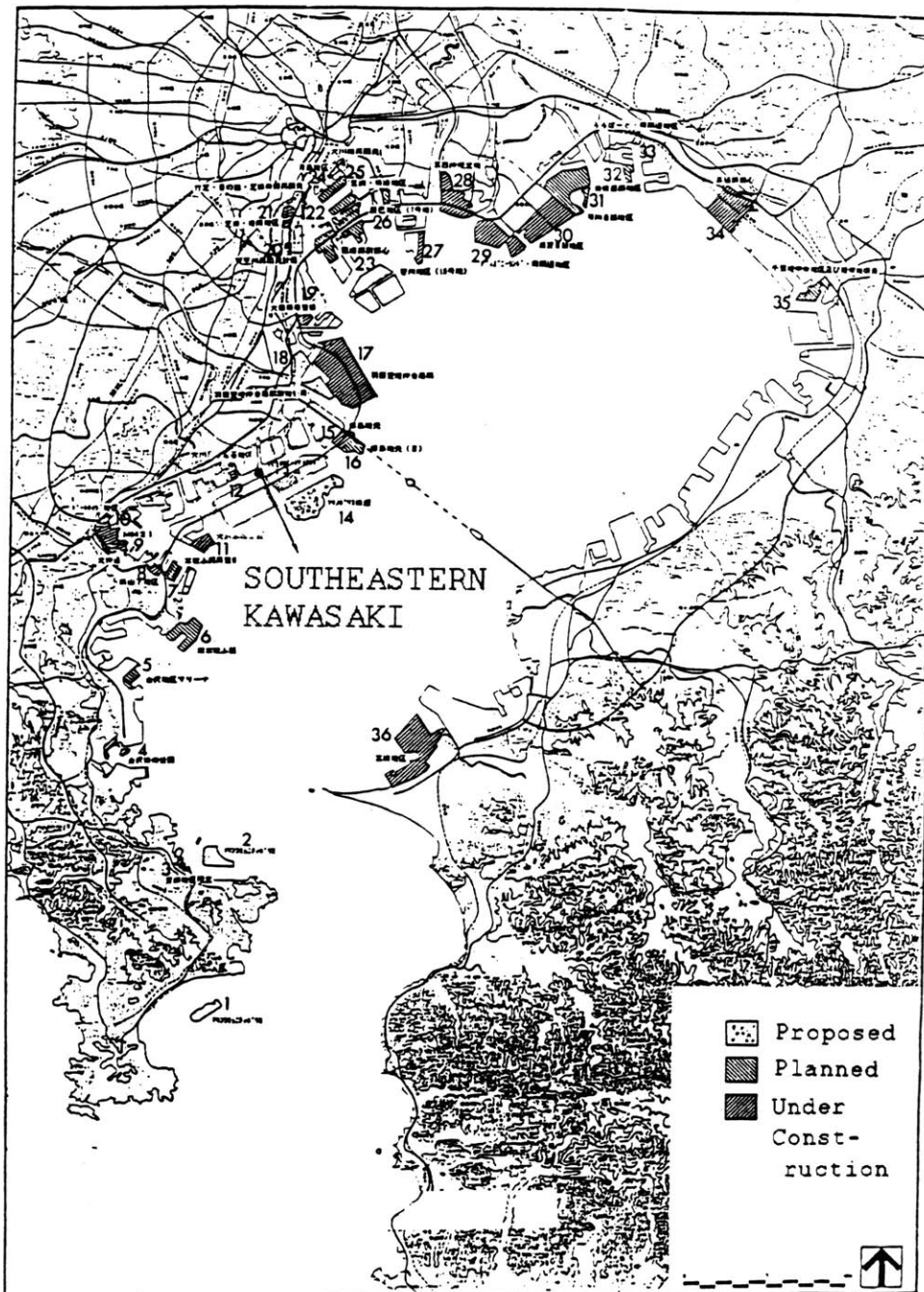
among as many communities as possible, the public sector would be involved more in decision making, and the residents' role would be extended to decision-making process. To balance power among companies within the model organization, I used the lessons learnt from the power balancing structure of the OUDC. The powers of large corporations and small local businesses will be balanced among the membership if CEOs represent the local companies and middle class managers represent the large corporations, which would have overpowered the others if they had been CEO's. The arbitrators will maintain the balance of power between the large and the small. A skillful developer from the outside of the local community will be helpful to harmonize members.

In this coming decade Kawasaki will experience negative impacts for the whole community with an economic decline which will be caused by the decline of the quality in human resources. With inter-connected different interests, the whole community, including the manufacturing industries, the City, residents, and academia, will need a new partnership organization like my model for the redevelopment for Southeastern Kawasaki. The quality in human resources will induce the industries to improve the area's environment. There are inter-related circumstances which will further affect the labor quality: the unpleasant urban environment, a bad image of the city, aging population of the native Japanese, immigrating foreigners for jobs, and the developing countries' increasing economic competitiveness. To attract human resources with better quality, the industries will seek to have a better environment around their locus, but the environmental improvement is not a task for a company alone. The City will face the need for sufficient revenue for elderly social welfare. To secure tax revenue, it will need more residents and healthy industries. To locate them in

Southeastern Kawasaki, it will have to improve the environment of Southeastern Kawasaki. Residents will be politicized by immigration and public policy in land management and housing. To participate in the process of the redevelopment of their places, they will find a good opportunity in the establishment of the partnership organization set up for the redevelopment. Academia has a supportive role to the above three sectors. It should supply them more information on successful western partnerships and their applicability to Kawasaki than my thesis. Above all, the most important actor is a largest land owner corporation. It should recognize its corporate responsibility to improve the environment of the area and take lead to form the partnership organization. To promote desirable changes in the urban environment, the 90s would be an appropriate time to set up a partnership organization representing as many different interests as possible, based on many attributes of western partnerships,



MAP 1. Kawasaki and Other Cities



注) 日本開発構想研究所作成

MAP 2. Development around Tokyo Bay

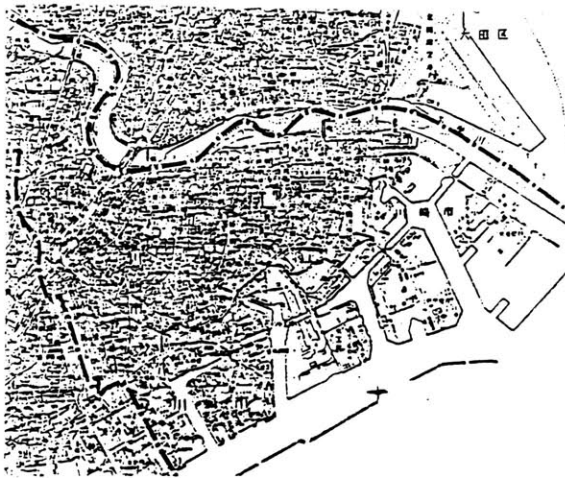
1920s



1930s



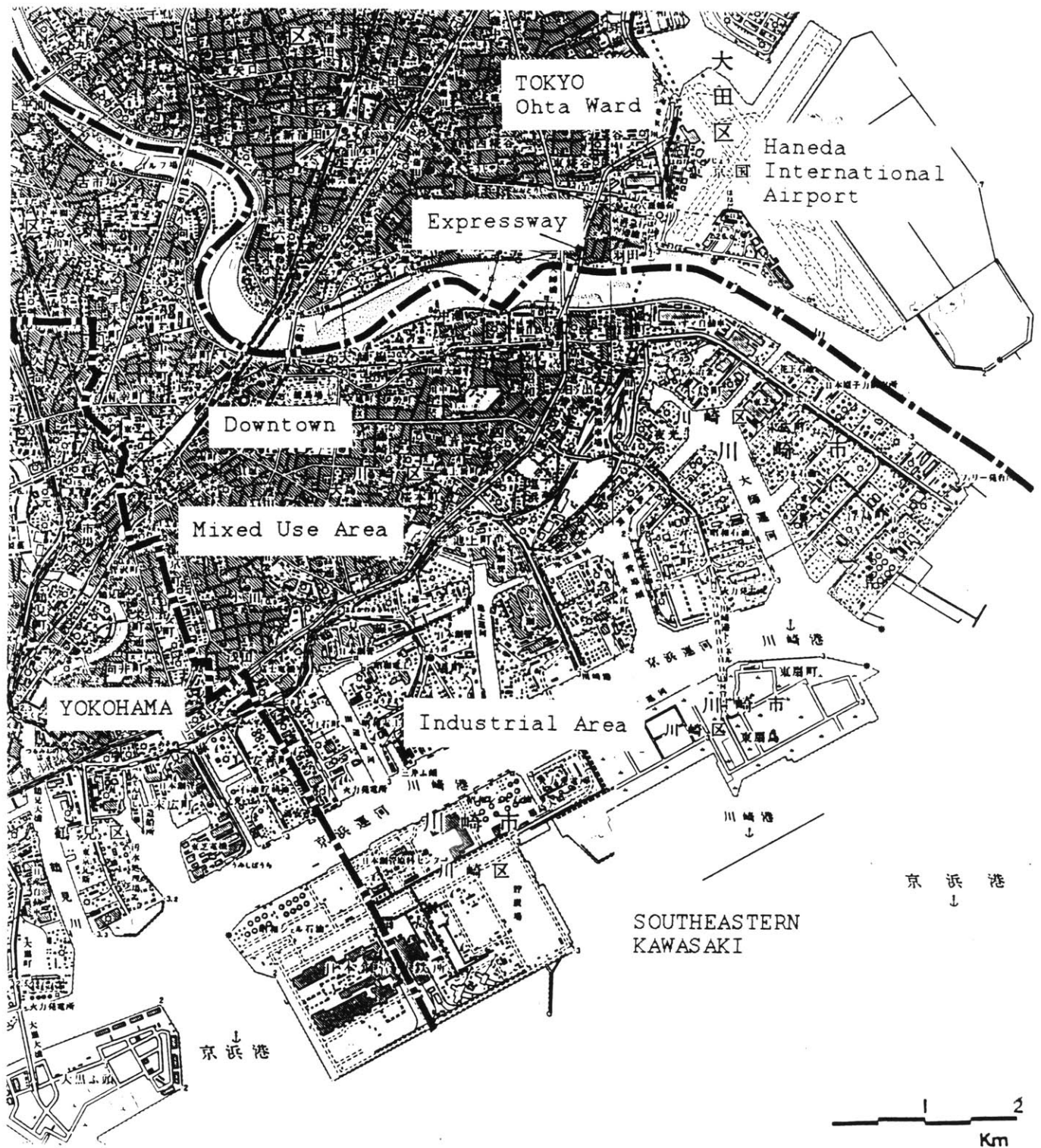
1960s



1980s



MAP 3. Geographical Evolution of Southeastern Kawasaki



MAP 4. Southeastern Kawasaki



Photo 1. Waterfront of Southeastern Kawasaki

Appendix A. Legal Terms

"Charitable" purpose

To define "charitable" purposes, Michael Chesterman classifies "charity" and then describes how the primitive concept of charity has been transformed to a highly sophisticated social term which is associated with a legal definition. The most primitive form of charity is the giving of alms or hand-outs to a beggar. "Charity" is a deep-rooted element in human behavior but is not free from moral ambiguity. As it was regarded as a Christian duty in medieval times, motivation for charity activities tended to be based on the rewards for fulfillment and the damnation for neglect. When broadening its meaning to a social relevance as a contribution to general welfare, we call it "philanthropy." Philanthropic purposes needed some institutional structure when the scale of costs and objectives became larger. In modern times, the state has become interested in social welfare on a national scale by encouraging philanthropic, or charitable, institutions and recognizing for them the necessity of legal protection and regulations. British charity law categorizes charitable purposes into these five: (i) relief of poverty, (ii) advancement of education, (iii) advancement of religion, (iv) other purposes beneficial to the community which the law recognizes as charitable, and (v) recreational purposes. For a clearer definition of the fourth category, its breakdown is listed below.

- (a) relief of aged
- (b) relief of the sick and disabled.
- (c) social rehabilitation, such as orphanages and homes for children delinquent or lacking parental supervision.
- (d) distress resulting from air raids, disasters, etc.
- (e) protection of life, limb, and property, by the establishment maintenance of a fire brigade or life boat

service, or by the promotion of road safety.

(f) protecting and upholding the nation and its established political structures including, for example, the defence of the realm, maintenance of armed forces, admiration of the public toward the armed forces, and independence of the judiciary.

(g) gifts for the benefit of a locality

(h) public amenities including the repair of bridges, ports, and highways, the preservation of the countryside and the country's architectural heritage, and the establishment of public facilities

(i) advancement of industry, commerce, agriculture, horticulture, and craftsmanship

(j) mental and moral improvement

(k) animal welfare

In addition, the purposes of a charitable institution must contain an element of public benefit and are not disqualified even if they involve profit-making and are highly political.

With the word "charitable," "a company limited by guarantee" seems to have some hints showing how the founders of TNI desired to make TNI work when they founded it, but these are unfamiliar words for me, even in the American legal literature.

A company limited by guarantee

This institutional form is, in short, a company which the law prohibits from distributing profits among its members but protects them by limiting personal liability when the company becomes insolvent. To set up the company and register it legally, the founder needs to pay £50 and prepare a constitution stating its objectives, powers, and internal regulations on meeting proceedings, membership admission, and

election of management board members.

This form derives from the trust, a institutional form used for charitable purposes. The trust is a relationship which imposes personal duties on specific individuals (the trustees), and then extends these so as to confer on the beneficiaries a quasi-proprietary interest in the trust property held on their behalf. The trust suites individualistic character of philanthropy that donors, for example, often put specific desires on how trustees conduct the donated property. From the Tudor to the present day, the "trust" has been the legal form most closely associated with institutional philanthropy. Originally, the feudal landowners developed the trust because they desired to evade a form of taxation imposed by the common law on the transmission of land to their heirs. The landowners, called "donors or testators," transferred their land to trustees to hold for the use of their heirs, beneficiaries.

The trust form fails in two respects to meet the demands which philanthropy may put upon it. First, the trust presupposes that it is enforced by its beneficiaries while philanthropists commonly do not indicate who are the beneficiaries and beneficiaries are politically in a weak position to enforce the trust due to their poverty. Second, the trust form is not suitable for charitable activity undertaken collectively by a group of people who all wish to participate as donors and decision-makers. This is because that group of people requires an organizational structure which regulates decision-making among the members and ensures that the fund is managed directly by those in control for the purposes intended. To accommodate these two requirements made by the associated philanthropy, two legal forms are created: the unincorporated association and the company limited by

guarantee.

In contrast with the trust, these two forms are democratic in the following characteristics : (i) a group of people determines activities and provides funds; (ii) control of the organization and its fund is vested in a board of directors elected democratically from time to time; and (iii) objectives stated in the constitution and the board policies may change as membership changes. The last point appears to suggest flexibility in changing purposes of the organization, but the flexibility is limited by charity law. This legal restriction both inhibits the trustees from manipulating the organization and the use of funds and encourages charitable giving. Neither forms expresses the use of the trust concept, though by operation of law the property may be deemed to be held in "trust" for the corporation's purposes.

An unincorporated association is, in essence, a contract between its members, whereby rules are formulated with regard to its purposes, its management, the rights and liabilities. It is suitable for impoverished charitable ventures because only a straightforward constitution is needed for its establishment. But there is a danger that the members are liable for contracts made with due authority on the association's behalf and for torts committed by an employee of the association. The personal liability claimed in such cases turns to the property the association owns and usually it is not sufficient.

Appendix B. Members of TNI and TLPI

The names of the individuals and their expertise provide follows:

TNI

Private companies

Chris Sharp Financier,
(Chairman of TNI) Managing director of Northern Rock Building Company, tenth largest savings & loan company in the U.K. Headquarter are located in Newcastle.

Nigel Sherlock Financier,
Director of Wise Speke, Financing company

John Hall Developer.
CEO of Cameron Hall Developments Ltd., having a strong leadership skill and political influence as well

John Ward Banker,
Regional Director of Barclays Bank Plc.

Graeme Anderson Industrialist,
Previous Deputy CEO of Northern Engineering Industries, employing a large number of workers in the region

Gavin Reed Industrialist,
CEO of Scottish & Newcastle Breweries, a large Breweries in North England

Ron Scott Industrialist,
Executive of Storey Sons & Parker

David Morris Industrialist,
CEO of Northern Electric, electric power supplier

Media

Tony Hill Managing Director of Newcastle Chronicle & Journal

Geraint Davies Director of programmes of Tyne Tees & Television

Local Government

Geoff Cook Chief Executive of Newcastle City Council

Quasi-county government agency

Alastair Balls Chief Executive of Tyne & Wear
Development Corporation (TWDC)

Quasi-private agency

John Bridge Chief Executive of Northern Development
Corporation (NDC)

Central Government agency.

Pamela Denham Regional Director of Department of Trade &
Industry, Director of City Action Team,
bringing together branches of the
Government departments such as Environment
and Transportation, Employment, and Trade
and Industry

Academia

John Goddard Professor
Director, Center of Real Estate Development
Studies, University of Newcastle

Laing Barden Professor
Director, Newcastle upon Tyne Polytechnic

Chief Executive of TNI

Bill Hay British Telecom

TLPI

Private companies

James F. Conway Industrialist
(Chairman) CEO, Courier Corporation

James L. Cooney Industrialist
(President) President, James L. Cooney Agencies

F. Larry Putnam Industrialist
(V.P.) CEO, Colonial Gas Company

Richard L. Alden Financier
Vice-President, Joan Fabrics Corporation

Paul Guzzi Industrialist
Vice-President, Wang Laboratories, Inc.

Richard K. Donahue Industrialist
President, NIKE Corporation

Joseph R. Mullins Management
 President, Joseph R. Mullins Company

Alan Rosen Owner
 Norman's Mens Shop

Gilbert G. Campbell Developer
 (V.P.) Campbell Real Estate

Edward Barry Developer
 President, Congress Group Properties

Steve Joncas Developer
 President, Belvedere Properties

Armand P. Mercier Developer
 President, Mercier Realty

Gerald R. Wallance Financier
 (Treasure) President / CEO, Lowell 5 Cent Savings
 Bank

D. Eric Thompson Financier
 (Secretary) President, Central Savings Bank

George L. Duncan Financier
 CEO, Enterprise Bank & Trust

James L. Milinazzo Financier
 V.P., Lowell Institute for Savings

Patrick Sullivan Financier
 V.P., Shawmut Arligton Trust

Media

Alex Costello Editor
 Lowell Sun

Hospital

M. Patricia Crane Public affair
 St. Joseph's Hospital

Academia

Dr. Evan Dobelle President, Middlesex Community
 College

Dr. William Hogan President, University of Lowell

Quasi-public Organization

Melvin A. Daly Chairman, Chamber of Commerce &
 Industry

The City

Richard P. Howe

Mayor

James J. Campbell

City Manager

Robert P. Malavich

Director, Division of Planning &
Development

Executive Director

James J. Cook

Ex-Director, Division of P&D

Appendix C. Scenario for Conceptual Redevelopment

I present a scenario which the public-private partnership organization that I propose might propose for Kawasaki.

Introduction

The focus of this scenario is on part of the waterfront zone and industrial island in the south of Kawasaki. (MAP 1) The area needs a fundamental changes to improve physical conditions and social problems. It has been preventing citizens from accessing from an inland residential and commercial area around the center city to the water front.

I develop the idea of "Quasi-Experience City" to "Ecological Quasi-Experience City" and apply this to an industrial area in Kawasaki. The Quasi-experience City has following two important attributes: more opportunities for activities in urban settings and the efficient use of energy, which will protect natural resources. The new urban life style will be different from present patterns. The Quasi-experience City internalizes out-of-city activities by providing quasi-experiences which people have not yet encountered in cities.

The "Ecological Quasi-Experience City" provides more opportunities and is more ecologically and socially sound. Citizens in the city would be more conscious of the importance of natural environment and willing to learn about their city.

Overview of the focus area

The focus area is separated from the residential and commercial areas by an express highway running from Tokyo to

Yokohama. The Tsurumi River runs along the western edge of the focus area. The focus area was formed by landfill between 1920 and 1970 and is primarily for industrial uses; housing is located on the northern edge along railroad tracks. The focus area includes a waterfront zone and an industrial island. Separating the two is a half mile wide canal used by ships bringing in industrial materials and leaving with finished goods. The waterfront zone has several sub-canals connected to the main canal and is occupied by power plants, oil and gas storage tanks, sewage processing plants, petrochemical manufacturers, and steel-structure builders. The industrial island is occupied by a steelmaking plant, and oil storage tanks. The area is primarily for industrial use but its north edge along a railroad is used for housing.

The standard of living of the focus area is as low as that of other industrial cities in Japan. Housing is narrow, built with cheap materials, and lacks privacy. Although basic infrastructure such as water and sewage systems is well equipped, the environment is not suitable for residential uses. The level of pollution probably exceeds government standards. The Tsurumi River, on the western edge of the focus area, and the canals are contaminated by wastes from houses and industries in and around the city. The air is also contaminated from engineering industries. Most residents in southern Kawasaki are below middle income. Because the area does not have a better education system, the average education level of residents is lower than that of other major cities, and they are forced to work in mid-size or small firms, which do not pay enough as well. The performance of these mid-size or small businesses is always subject to that of large manufacturing corporations. Needless to say, they do not have enough time and money to spend on vacations. But there are few recreational and cultural places in this

area for them. The area lacks parks, sports facilities, libraries, museums, theaters, and concert halls. The worst aspect is inaccessibility to the waterfront because of the industrial buildings. There are no open spaces, greenery, or walkways in the focus area.

Japan is experiencing significant social changes, including an aging population, which will affect the city in the future. Kawasaki will have more elderly people than other eastern cities, such as Tokyo, Yokohama, and Chiba. A governmental committee has estimated that by 2000, 15.6% of the population will be over sixty-five years old in Japan. Southern Kawasaki will have an even higher rate than 15.6% since it is already over 10%, which is 2% higher than the average in Japan. Not only is this the result of natural aging but the area has an old and industrial image. Since it is not a desirable place to live, the young are leaving to the suburban region of the northern Kawasaki, Yokohama, or Tokyo. Even if the young live in Southern Kawasaki, they choose to work in more attractive cities, such as Yokohama and Tokyo, where there are higher incomes and more cultural opportunities. Needless to say, this trend is the same in the U.S.

Another important social change is the growing population of foreigners. After World War II, the Japanese central government limited the number of foreigners living in Japan by imposing strict conditions on immigration permits. Until recently, this policy has not been a problem since Japan was a second-rate nation in terms of economic power, but today, economically competitive, this policy is certainly outdated. Since democratization occurred worldwide, Japan's limits on immigration do not fit the direction of the world. Although

the percentage of foreigners is still small and official information on the current growth rate is not available, there has been a significant increase in the number of foreigners in Kawasaki and Chiba where rents are cheaper than other eastern cities because of the worse living environments in Kawasaki and Chiba. Attracted by Japan's strong economy and cheaper rents, many Asian people are coming to Kawasaki and Chiba. The majority who have legitimate rights to live in Kawasaki, come from South and North Korea, China, and the U.S. Other foreigners from Southeast Asia and the Middle East, such as the Philippines and Turkey, only have work visas, and live in Japan illegally for long period. Although payments for their jobs are better than in their countries, their working conditions are very bad simply because they are not guaranteed the right to work. Some of them do not seem to get jobs. Others get jobs yet they send much of the cash earned to their families living in their own countries. They cannot spend money for better living conditions; their living stipends are below minimum.

This immigration is deteriorating the urban environment of southern Kawasaki. Living conditions for illegal foreigners are becoming worse; poverty and crime are increasing because of their below-minimum living stipends and unemployment. Worse, there are conflicts between immigrants and longtime members of the community. Fortunately, but slowly, the government is developing new policies for immigrant issues.

Scenario for evolution

1990-1995

The Tokyo Bay waterfront expressway will be completed by 1994. It was planned to connect three of the most vigorous

economic cities, Chiba, Tokyo, and Yokohama. Around the same time, Haneda International Airport, only several miles away from the island, will have been enlarged to handle more airplanes. By 1997, Tokyo Bay Crossing Bridge will have been constructed and will make a circular express road connecting Chiba, Tokyo, Kawasaki, and Yokohama.

These tremendous developments in transportation systems will certainly fuel the Japanese economy; however, they will not improve conditions in Kawasaki. They will affect the community and local economy because improvements in transportation will allow more people to move further out to other areas and increase land prices due to the development potential generated.

1995-2000

Heavy industries occupying the island will no longer need as much building space and land. Some industries will even move to other places and leave substantial amounts of vacant land. My quasi-experience city would be planned in these areas. Heavy engineering and steelmaking industries will face declines in their price competitiveness and will be forced to restructure and look to other industries and businesses, such as "fine metals" (value added rare metals) and new material making, biotechnology, computers, entertainment, and so-called "silver businesses," which means medicare, nursing, and day care for the elderly. These industries and businesses need less space than land- and equipment- intensive industries, which lead to the creation of vacant spaces in industrial zones.

The decline of the land- and equipment- intensive industries will cause unemployment. The declined economy will cause the young generation to leave the city and leave an aging

population. As a result, the elderly will increase at a substantially higher rate than other cities. This will result in a severe loss of confidence and sense of community of citizens and industrialists. The value of land in this area will plunge. But a wave of immigrants will occur because of cheap land prices of land and properties and the proximity to vigorous economic cities such as Tokyo and Yokohama, which will promise employment. At the end of the twentieth century, the central government will abandon its obsolete immigration policy, which has limited the number of immigrants, naturalized citizens, and permanent residents. This will encourage more foreigners to immigrate in this area. The needs foreigners for housing will create some confusion in land use and deterioration of housing conditions. As a result of these negative trends, the social order will be destroyed.

2000-2010

In Kawasaki, the voice to secure citizen's right for equitable access to environmental resources will be louder and louder from people living in the city. At the same time, the number of corporations, which used to operate factories in the waterfront zone and on then industrial island and moved to an adjacent industrial area, willing to contribute to social benefits will increase. Facing economic and social problems, the local government, restructured industries, and citizens will make a long term partnership for urban redevelopment in Kawasaki. Industries will restructure themselves in an attempt to improve the image of the city and to attract capable employees. Citizens will be motivated to improve housing and living conditions and local confidence. The local government will need to raise revenue to meet the needs of social welfare especially for the elderly. The interests of these three groups will merge and the development partnership will decide to plan a quasi-

experience city. The partnership identifies the island as a potential urban resort zone with housing primarily for the elderly. The partnership also expects domestic and international tourists to visit the island city by using the Haneda International Airport and improved vehicular transportation.

In addition to this scenario, the following two significant technologies will have been established by the year 2010: the magnetic floating bullet train and hydrogen fueling car. According to the report made by the Japanese Bureau of Science and Technology in 1988, the magnetic floating train will have been in use by 2001 and the hydrogen fueling car will have been in wide use by 2010. These two technologies ensure efficient long distance transportation and relief from air pollution caused by cars using fossil fuel.

The partnership will advocate changing land use. First, it will decide the heavy engineering industries no longer need large tracts of land and they will move eastward, adjacent to the waterfront zone and the island. In this area in which the industries moved, all the industrial sites will be rearranged so they can absorb the industries from the waterfront and the industrial island. Industries which lose part of their original property, gain the right to participate in the redevelopment of the vacant land.

By the end of the 2000's, the citizen's movement to seek ecologically sound urban environments will occur and their needs for information and knowledge about the eco-system in the city will increase. This will lead the partnership to envision a "Resort for Civic Intelligence" where citizens and visitors learn about the city's history; ecological engineering; optimal economic and social systems; and

cultural studies and the arts.

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