

The Ideology behind the Recent Discussions on Regional Disparity in Japan : What matters?

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The Ideology behind the Recent Discussions on Regional Disparity in Japan

What matters?

Kenji Yamamoto

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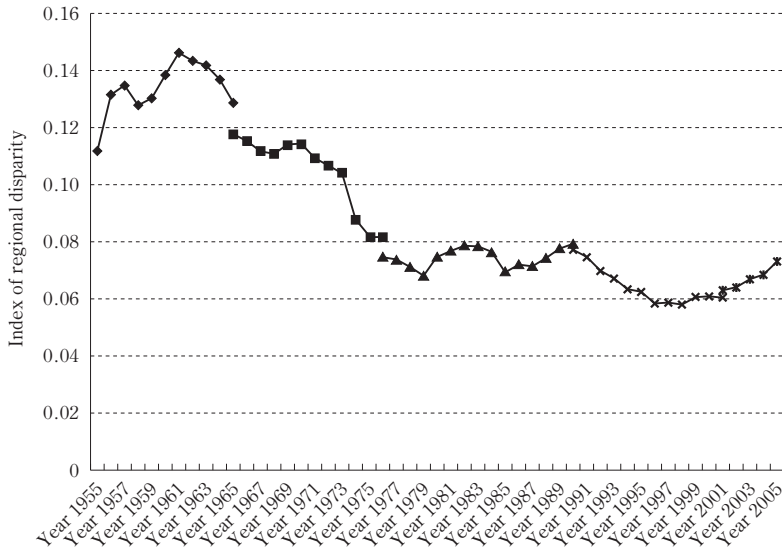
《Abstract》

The purpose of this paper is to reconsider the ideology behind the recent discussions on regional disparity in Japan. Regional disparity within this country is often measured using the Gini coefficient and other similar indicators to compare the 47 prefectural regions on the basis of GDP per capita. According to this indicator, it is clear that regional disparity dramatically decreased from the beginning of the 1960s through the 1970s and its degree at the beginning of the 21st century is much smaller than in the 1960s. However, there have been always localities which suffer from a

shortage of employment opportunities and from a lack or shortage of public services. Economic and social disparity has continued to exist between the core and peripheries. Reduction of regional disparity measured by an aggregated indicator means no more than a decrease in the area of peripheries through the spatial growth of the core, sub-centers and secondary sub-centers. Economists oriented toward neoliberalism do not recognize this spatial dynamics between regional and local economies and tend to discuss the issue from the viewpoint of individualism. However, because of the existence of a variety of economic activities and inhabitants, a region or a locality cannot be compared with an individual, even if the area of a region or a locality is small. When we discuss regional disparity and its resolution, we should take into account the public space which is to be constructed through interactions among various actors, including inhabitants, business corporations, NPOs, and local and central governments. Regions and localities should not be treated as if they were individuals.

1. Introduction

Regional disparity has been a political, economic and social issue in Japan since long ago. The first and second National Comprehensive Development Plans in the 1960s show that it was a big problem to be conquered (Tadenuma, 1991, pp.18-32)¹⁾. While the National Comprehensive Development Plan was also made several times between the 1970s and the 1990s, regional disparity in a classical sense did not seem to matter at the end of the 20th century, because the disparity of per capita income among 47 prefectures became very small in comparison with the 1960s (Fig.1). It has, however, become a focus of public attention again since 2006, as concretely shown later in this paper. Regional disparity is now dealt with as one of serious problems besides the other disparities, for example between genders,



Sources: Economic Planning Agency. Institute of Economic Research (1979) Annual Report of Prefectural Income Statistics. Version of the Year of 1979
 Economic and Social Research Institute, Cabinet Office, Government of Japan (2002) Annual Report on Prefectural Accounts. Version of the Year 2002
 Economic and Social Research Institute, Cabinet Office, Government of Japan (2004) Annual Report on Prefectural Accounts. Version of the Year 2004
 Economic and Social Research Institute, Cabinet Office, Government of Japan (2008) Annual Report on Prefectural Accounts. Version of the Year 2008

Note: Okinawa is included in the statistics also before 1972.

Index of regional disparity is calculated as follows:

$$\sum | P_i / N_i - P_i / NP | / 2$$

P_i is prefectural income in a prefecture i ,
 N_i is total prefectural income of Japan,
 P_i is population in a prefecture i , and
 NP is population of Japan.

Fig.1 Change of regional disparity among 47 prefectures in Japan measured by per capita income between 1955 and 2005

between generations, between social classes, between regular and irregular employees and so on.

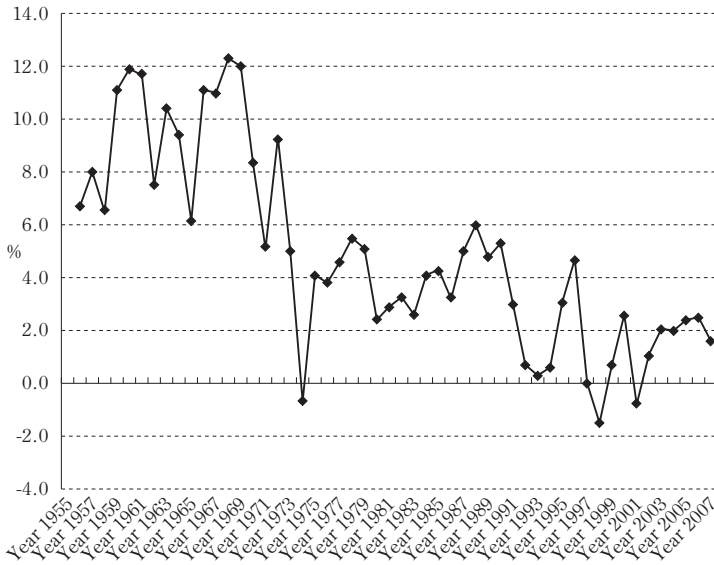
While there is a common point between the regional disparity in the 1960s and the recent one, the latter has a new sense under new circumstances different from the former. I would like to make clear this point and discuss what is now problematic with respect to regional

disparity. For this purpose, I will summarize the main points in the mid 20th century at first. Then I depict the discussions on regional disparity at the beginning of the 21st century on the basis of my analysis of articles in a newspaper, *Nihon Keizai Shinbun*, which appeared between January 2002 and November 2008. I will refer to a problem of the philosophy of the mainstream economics on this occasion. Finally, I make concluding remarks on the issue of regional disparity in Japan, referring to some recent policies.

2. The issue of regional disparity in Japan from the 1950s through the 1970s

When we discuss regional disparity in Japan, we should take into account the development level of the Japanese economy as a whole in the world. In the 1950s and the 1960s, it was obviously behind North American and West European countries. The main object in economic policy of the Japanese government was to catch up the western countries. It did really attain this purpose with the rapid economic growth of more than five per cent a year of GDP in a real term between the second half of the 1950s and 1973 (Fig. 2). It exceeded even ten per cent between 1959 and 1961, and between 1966 and 1969. Within fourteen years between 1959 and 1972, there were only three times in which the annual economic growth rate in real term was under eight per cent.

On the other hand, the Japanese government emphasized a balanced economic development throughout the national territory and established the National Comprehensive Development Plan in 1962, followed by the Second National Comprehensive Development Plan in 1969, the Third National Comprehensive Development Plan in 1977, and the Forth National



Source: Statistics of National Accounts available from the homepage of the Cabinet Office, Government of Japan.
<http://www.esri.cao.go.jp/sna/qe011-68/ritu-jfy01168.csv>
<http://www.esri.cao.go.jp/sna/qe082-2/ritu-jfy0822.csv>

Fig.2 Economic growth rate of GDP in real term of Japan from 1956 through 2007

Comprehensive Development Plan in 1987. While it had already enacted several laws for the economic development in the backward regions before 1962, it accelerated the development policy for these rural areas in the 1960s and the 1970s. And the regional disparity measured by means of an aggregated economic indicator, namely prefectural income or prefectural GDP in comparison with the spatial distribution of population, really declined from 1961 through 1979 as Fig. 1 shows.

It does not, however, mean that there was no regional problem in the 1960s and the 1970s. Discussions on *Kamitsu* and *Kaso*, public nuisance or environmental pollution and so on exemplify serious regional or local problems in those days. *Kamitsu* literally means over-dense population in

the metropolitan areas and *Kaso* too-thinly-populated villages in mountainous areas.

Population exodus led the mountainous villages in the western part of Japan to malfunction of community life in the spatial scale not of an administrative municipality, but of a natural village on the one hand, because families left the villages one after another and it became impossible to undertake cooperative public works within the village communities respectively. On the other hand, population exodus led the wider rural areas in the northeastern part of Japan to the depressed economy because of outflow of young people who had just left their local secondary schools for metropolitan areas either in order to get jobs or to visit higher education institutions. Shortage of employment opportunities did matter in both parts of Japan. On the contrary, the economy of the metropolitan areas grew up enormously and their respective spatial area extended beyond the borders of prefectures. As a result, the people and manufacturing corporations have suffered from the congestion costs due to the over crowdedness²⁾.

Therefore, the Japanese government conducted a policy for combating regional and local problems through establishing several acts such as Act for Restriction of Manufacturing Industries and Others in Built-up Areas in the Tokyo Metropolitan Area in 1959, Act for Promotion of Development of Manufacturing Industries in the Underdeveloped Areas in 1961, Act for Promotion of Building New Industrial Cities in 1962, Act for Restriction of Factories and Others in the Osaka-Kobe-Kyoto Metropolitan Area in 1964, Act for Promotion of Mountainous Villages in 1965, Basic Law of Antipollution Measures in 1967, Act for Urgent Measures against Depopulated Areas in 1970, Act for Promotion of Bringing Manufacturing Industries to Rural Areas in 1971, Act for Promotion of Reallocation of

Manufacturing Industries in 1972 and so on (Tadenuma, 1991, pp.11-44).

Those regional and local problems cannot be grasped accurately through the aggregated economic index of regional disparity on the basis of the unit territory of prefecture, namely Gini coefficient and its similar indices. Not all the prefectures could catch up the metropolitan areas in an economic sense. The decrease of the regional disparity measured through that index merely reflected industrialization in the prefectures located either along the so-called Pacific Belt or adjacent to Tokyo. The remote area from Tokyo such as Kyushu, Southern part of Sikoku, San'in, northern part of Tohoku and Hokkaido experienced deterioration of their economies in the 1960s and it was not until 1974 that they could catch up the national average so remarkably (Tab.1). And there are a number of mountainous villages, solitary islands and fishery villages in peninsulas which have suffered from *Kaso*, even if these are located in the industrialized prefectures of the Pacific Belt. There were not enough employment opportunities for the population, especially for the younger people, to make a living. Low income per capita symbolized this problem, but did not always reflect local problems accurately.

It is necessary to consider "a progressive integration of the space economy" in the meaning of Friedmann (1966, pp.35-38) in order to correctly understand the change of the aggregated economic index of regional disparity in Japan (Fig.3). Until the mid 1950s, there were many regions and localities which were integrated neither to the center and its region nor to any important sub-centers and their regions in Japan. Those are to be called as peripheries. The center is, of course, Tokyo, and sub-centers are Osaka, Kobe, Kyoto and Nagoya in this context. These are to be called the core of Japanese economy. Besides these center and sub-centers, a few new sub-centers such as Fukuoka, Hiroshima, Sendai and

Tab.1 Change of proportion of prefectural income per capita to the national average in the core and peripheries in Japan and change of regional disparity index from 1961 through 1979

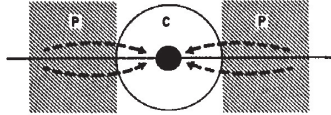
Year	Prefecture	1961	1962	1963	1964	1965a	1965b	1966	1967	1968	1969	1970	1971	1972	1973	1974	1979	
Northern periphery	Hokkaido	0.85	0.82	0.85	0.82	0.83	0.87	0.86	0.88	0.86	0.82	0.83	0.82	0.84	0.86	0.89	1	
	Aomori	0.63	0.67	0.67	0.67	0.7	0.68	0.67	0.67	0.66	0.65	0.64	0.66	0.66	0.64	0.68	0.77	
	Iwate	0.63	0.66	0.67	0.68	0.71	0.66	0.66	0.67	0.68	0.66	0.66	0.66	0.66	0.68	0.67	0.73	0.79
	Miyagi	0.77	0.78	0.79	0.79	0.81	0.81	0.79	0.79	0.8	0.8	0.8	0.82	0.82	0.83	0.83	0.87	0.89
	Akita	0.66	0.67	0.67	0.71	0.73	0.78	0.8	0.81	0.81	0.81	0.74	0.72	0.7	0.7	0.74	0.81	0.8
South-western periphery	Tottori	0.67	0.68	0.65	0.66	0.67	0.71	0.73	0.74	0.72	0.73	0.74	0.78	0.78	0.78	0.78	0.81	0.84
	Shimane	0.72	0.7	0.66	0.68	0.7	0.65	0.66	0.64	0.64	0.63	0.62	0.64	0.66	0.7	0.74	0.73	
	Kochi	0.74	0.73	0.72	0.73	0.75	0.81	0.83	0.84	0.84	0.85	0.83	0.83	0.83	0.81	0.78	0.8	0.87
	Fukuoka	0.93	0.9	0.87	0.87	0.89	0.91	0.91	0.91	0.91	0.9	0.91	0.91	0.93	0.93	0.95	0.98	0.99
	Saga	0.68	0.69	0.66	0.68	0.72	0.78	0.78	0.75	0.75	0.74	0.74	0.71	0.72	0.73	0.76	0.79	0.85
Core	Nagasaki	0.65	0.65	0.64	0.67	0.71	0.72	0.7	0.69	0.69	0.68	0.69	0.72	0.71	0.73	0.77	0.72	
	Kumamoto	0.64	0.67	0.7	0.7	0.72	0.68	0.68	0.66	0.65	0.64	0.64	0.66	0.68	0.71	0.76	0.84	
	Oita	0.64	0.66	0.66	0.68	0.71	0.7	0.69	0.7	0.68	0.68	0.67	0.7	0.7	0.7	0.76	0.82	
	Miyazaki	0.61	0.62	0.67	0.66	0.69	0.69	0.67	0.67	0.68	0.67	0.65	0.66	0.66	0.67	0.71	0.73	0.76
	Kagoshima	0.54	0.55	0.55	0.55	0.58	0.57	0.57	0.57	0.55	0.54	0.54	0.6	0.62	0.63	0.67	0.73	
Index of Regional Disparity	Okinawa	0.52	0.52	0.49	0.49	0.52	0.53	0.53	0.54	0.52	0.52	0.51	0.55	0.61	0.67	0.69	0.73	
	Tokyo	1.82	1.78	1.75	1.7	1.67	1.58	1.57	1.54	1.54	1.55	1.54	1.54	1.54	1.55	1.48	1.35	
	Osaka	1.49	1.48	1.5	1.48	1.47	1.41	1.38	1.34	1.35	1.33	1.34	1.3	1.32	1.33	1.25	1.14	
Core	Aichi	1.25	1.21	1.2	1.17	1.13	1.12	1.14	1.16	1.14	1.16	1.18	1.15	1.13	1.14	1.07	1.11	
	Index of Regional Disparity	0.1462	0.1434	0.1418	0.1369	0.1288	0.1177	0.1153	0.1117	0.1108	0.1141	0.1144	0.1093	0.1067	0.1040	0.0873	0.0681	

Source: Economic Planning Agency, Institute of Economic Research (1979) Annual Report of Prefectural Income Statistics, Version of the Year of 1979

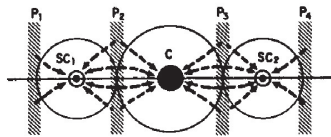
Note: Accounting method was changed in 1965, the column 1965a is older, and the column 1965b is newer.



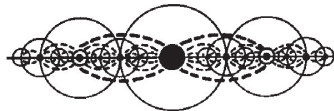
1. *Independent local centers, no hierarchy.* Typical preindustrial structure; each city lies at the center of a small regional enclave; growth possibilities are soon exhausted; the economy tends to stagnate.



2. *A single strong center.* Structure is typical for the period of incipient industrialization; a periphery (P) emerges; local economies are undermined in consequence of a mass movement of would-be entrepreneurs, intellectuals, and labor to the center (C); the national economy is virtually reduced to a single metropolitan region, with only limited growth possibilities; continued stagnation of the periphery may lead to social and political unrest.



3. *A single national center, strong peripheral subcenters.* The first stage toward a solution during the period of industrial maturation; strategic subcenters (SC_n) are developed, thereby reducing the periphery on a national scale to smaller, more manageable intermetropolitan peripheries (P_n); hypertrophy of national center is avoided while important resources from the periphery are brought into the productive cycle of the national economy; growth potential for the nation is enhanced, but problems of poverty and cultural backwardness persist in intermetropolitan peripheries.



4. *A functionally interdependent system of cities.* Organized complexity is the final solution to be aimed for during the period of industrial maturation, but it will subsequently give place to other configurations; major goals of spatial organization are fulfilled: national integration, efficiency in location, maximum growth potential, minimum essential interregional balances.

Source: Friedmann (1966, p.36)

Fig.3 Model of spatial integration of national economy by John Friedmann

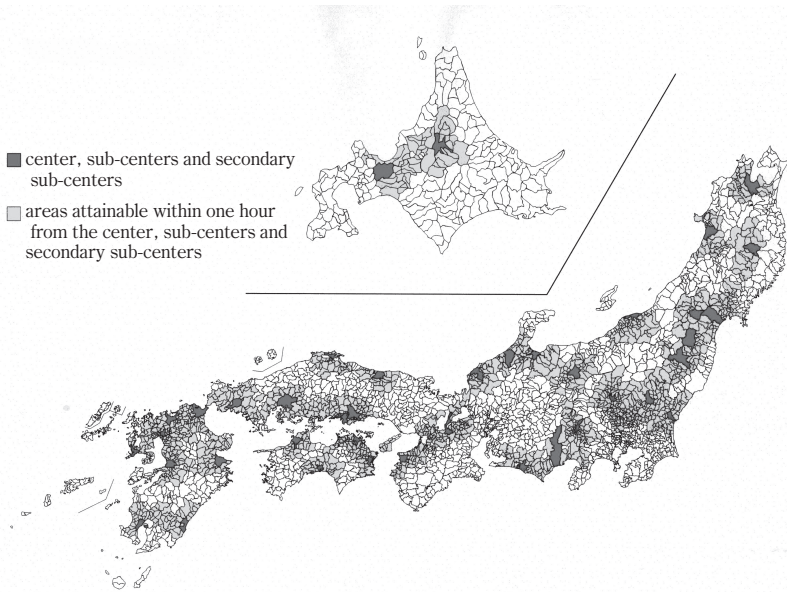
Sapporo began their rise to power in the 1970s and the 1980s as a focal point of branch offices both of ministries of the central government and of private corporations, headquarters of which are located in the core. As a result, these four cities, namely Fukuoka, Hiroshima, Sendai and Sapporo, have established their positions in the Japanese spatial economy since then (Abe, 1991). And almost all the cities with the seat of prefectural government and several cities with strong basic industries in the growing sector, *e.g.* Hamamatsu, have appeared as secondary sub-centers in the Japanese spatial economy. With the establishment of this urban system, the area of those peripheries became smaller and smaller through the rapid economic growth from the second half of the 1960s through the beginning of the 1970s and through the development of infrastructure and spatial dispersion of factories to rural areas in the 1970s and the 1980s³⁾.

While peripheries had been already constructed through the industrialization before World War II in Japan and while the gap between centers/sub-centers and peripheries was not decreased through the rapid economic growth from the second half of the 1950s through the beginning of the 1960s, the index of economic regional disparity decreased dramatically from the beginning of the 1960s through the 1970s. This is to be attributed to the rise of prefectures adjacent to the center and sub-centers and to the rise of new sub-centers. In other words, each metropolis extended their respective metropolitan area spatially. This spatial dynamics is also the case for almost all the urban areas with the seat of prefectural government, if we look at the scale of locality as well. Construction of freeways and *Shinkansen* networks and development of the network of jet airplane contributed to a decrease in the area of peripheries without doubt.

In brief, the aggregated economic index of regional disparity could be notably decreased, because many regions and localities of the peripheries

were spatially integrated either to the center or to the sub-centers such as Osaka-Kobe-Kyoto, Nagoya, Fukuoka, Hiroshima, Sendai and Sapporo, or to the secondary sub-centers. As a result, employment opportunities had been created in wider rural areas in the 1970s and the 1980s, and the standard of living of the people in these areas has been improved remarkably. Nevertheless there still remain peripheries in areas remote from these metropolitan and urban areas (Fig.4).

Most economists do not take the spatial dynamics mentioned above into consideration, when they discuss regional disparity. We can see a typical example of such neglect of spatial dynamics in Kawasaki (2008), which is oriented toward neoliberalism and argues that regional disparity had been



Source: Ministry of Land, Infrastructure, Transport and Tourism. City and Regional Development Bureau (2007) Report of Cities and Regions (Toshi/Chiiki Repooto), (in Japanese).

Fig.4 Catchment area of the center, sub-centers and secondary sub-centers within one hour.

resolved through the rapid economic growth from the last half of the 1950s through the beginning of the 1970s. The economic analysis relying only on the aggregated time-series data often misses the peripheries which still now exist and serious local problems, namely *Kaso*, in those days. And it neglects cities which flourished once upon a time and are declining in an economic sense because of their maladaptation to the changing economic circumstances. In short, the mainstream economics is not aware of localities or small areas in a geographical sense, if it speaks of regional disparity. We should be, however, sensible to the matter of spatial scale, when we discuss regional disparity.

Furthermore, the mainstream economics misunderstands the localities, because it treats them as if they were natural individual persons with their own will and decision-making ability. A locality is a society, even if it is small. Kawasaki (2008, pp.141-143) insists upon that a region can behave itself as if it were a natural individual person with its own will⁴⁾. We should, however, recognize that regional problems and regional disparities cannot be grasped from the standpoint of such methodological individualism. And just during the years as regional disparity measured through the aggregated economic index was decreasing, the regional problem became more apparent and severer. When we deal with regional disparity, we should be aware of spatial structure of urban areas or city regions. It is not enough to speak of regional disparity only by means of an aggregated economic indicator.

3. The issue of regional disparity at the beginning of the 21st century

3.1 Is this a new issue differing from that of the 1960s?

As the decline of the aggregated index of regional disparity was accompanied by serious regional problems, it is no wonder that a new kind of regional problem has appeared under the slight increase of the index of regional disparity since several years ago. In this sense, it is right that Kato (2007) and Yamasaki (2007) point out the serious regional disparity of public-services provision such as medical one between cities and rural areas remote from the former within a region, scale of which is like Hokkaido and Kyushu. Both these economic geographers attach importance to a metropolitan area such as Sapporo and Fukuoka, when they discuss regional disparity and want to resolve this problem.

There is certainly such disparity in provision of medical services between metropolitan areas and rural areas. However, it is not new, but classical. I remember that there was a big social concern about the villages with no medical services in the 1960s. I saw a film about a story of such a village in my elementary school, as I was a pupil. And the village municipality, Sawauchi mura in Iwate prefecture (Northeast Japan), gives us a good example, how a municipal government has conquered the problem in those days (Kikuchi, 1968; Ota et al 1983). And Kato (2007) and Yamasaki (2007) would miss reality of one of the most important and classical aspects of regional disparity, if they would pay attention only to the provision of public services produced in a metropolitan area. That is the disparity of employment opportunities between metropolitan areas und peripheries. And even if the aggregated economic index of regional disparity does not directly reflect the existence of regional and local problems of employment, we should grasp these by means of examination of the meaning of the change of the index. As shown in Fig.1, the index has surely increased since 2001/2002. If one insists upon that economic regional disparity does not matter because it is still now much lower than in the 1960s, it is not

appropriate. We should recognize that regional disparity can become to matter, if the public become to be aware of its seriousness.

3.2 Social consciousness of the recent regional disparity

The Cabinet Office of the Japanese Government has conducted a survey of social consciousness in winter of every year. In the questionnaire, there is a question if a respondent feels degradation or improvement of 24 issues, one of which is regional disparity. Almost all the respondents did not attach importance to regional disparity until 2005. It has, however, become a social issue since then (Tab.2). It is possible to compare the social consciousness among ten regions. In 2006, more people in Tohoku and Shikoku felt aggravation of regional disparity than in the other regions. The people in Tozan, Tokai, Kinki and Chugoku did not feel so serious with respect to regional disparity at that time. And there was no great difference of the consciousness among regions. But more and more people especially in Hokkaido, Tohoku and Chugoku have attached greater importance to this issue. The percentage of the people who regard it problematic is much lower in Tokai and Hokuriku than in the other regions (Tab.3). These facts reflect the difference of employment opportunities among these regions (Tab.4).

The research by a newspaper company in December 2007 also shows a result similar to the research by the Cabinet Office (*Nihon Keizai Shinbun* 24th December 2007). It asked people above 20 years old both in metropolitan areas and rural areas. The number of the respondents is 1030 in total. According to this, people in their twenties in rural areas find regional disparity more serious than the other generations both in rural areas and metropolitan areas. The people in rural areas in general find enlargement of disparity especially in the aspects of income and assets as

Tab.2 Social consciousness of regional disparity

	aggravation %	rank	improvement %	rank	Number of respondents
1997 December	12.6	18	9.0	17	7,110
1998 December	8.1	19	7.3	12	6,858
2000 December	7.8	18	8.4	10	6,929
2002 December	7.4	19	6.1	12	6,798
2004 January	7.5	17	5.2	13	6,886
2005 February	9.7	17	4.8	16	6,586
2006 February	15.0	13	4.0	20	5,071
2007 January	26.5	8	2.8	21	5,585
2008 February	32.9	6	1.4	21	5,494

Source: Cabinet Office of the Government of Japan. Survey of the social consciousness
<http://www8.cao.go.jp/survey/index-sha.html>

Note: There are 24 issues in the questionnaire: diplomatic affairs, defence affairs, public finance of the national government, prices, business conditions, economic power, employment and labor conditions, medical and welfare conditions, education, culture, science and technology, natural resources and energy, food, physical environment, living environment, protection against disaster, security and order, land and housing, telecommunication and transport, traffic conditions, national character, current of the times (social atmosphere), regional disparity and internationality.

The respondents can point out the other issue than the 24 shown above, and choose the answer "nothing or don't know".

The column "rank" means how important respondents feel about regional disparity within Japan in comparison with the other 23 issues.

Tab.3 Difference of the social consciousness of regional disparity according to ten wider regions in Japan

	2008		2007		2006	
	aggravation %	number of respondents	aggravation %	number of respondents	aggravation %	number of respondents
Hokkaido	43.5	239	41.4	263	15.2	269
Tohoku	43.3	460	28.1	466	18.2	439
Kanto	32.4	1,615	26.0	1,605	15.6	1,258
Hokuriku	28.8	313	22.6	288	16.4	293
Tozan	30.1	229	26.6	267	10.2	245
Tokai	27.9	614	22.1	569	12.6	516
Kinki	30.5	812	28.6	881	13.1	796
Chugoku	37.5	336	26.1	395	12.0	349
Shikoku	35.3	190	23.4	205	18.4	212
Kyushu	30.5	686	24.1	646	17.6	694
Total	32.9	5,494	26.5	5,585	15.0	5,071

Source: Cabinet Office of the Government of Japan. Survey of the social consciousness
<http://www8.cao.go.jp/survey/index-sha.html>

Tab.4 Change of the ratio of officially registered opens against officially registered applications in the local labor markets according to ten wider regions in Japan

	2002			2006			growth rate of the ratio	growth rate of the opens	growth rate of the applications
	Opens	Applications	Ratio	Opens	Applications	Ratio			
Hokkaido	80,860	171,295	0.47	89,102	151,614	0.59	1.24	1.10	0.89
Tohoku	112,078	253,727	0.44	158,669	206,005	0.77	1.74	1.42	0.81
Kanto	445,933	780,880	0.57	711,307	573,545	1.24	2.17	1.60	0.73
Hokuriku	73,737	128,083	0.58	117,965	96,845	1.22	2.12	1.60	0.76
Tozan	72,635	102,708	0.71	99,975	80,185	1.25	1.76	1.38	0.78
Tokai	164,181	221,339	0.74	264,997	166,681	1.59	2.14	1.61	0.75
Kinki	226,177	498,947	0.45	394,858	365,417	1.08	2.38	1.75	0.73
Chugoku	110,191	167,037	0.66	161,613	136,352	1.19	1.80	1.47	0.82
Shikoku	52,383	86,318	0.61	69,678	78,005	0.89	1.47	1.33	0.90
Kyushu	148,307	358,093	0.41	226,670	309,369	0.73	1.77	1.53	0.86
Total	1,486,482	2,768,427	0.54	2,294,834	2,164,018	1.06	1.97	1.54	0.78

Source: Ministry of Health, Labor and Welfare. Statistical Data Base System
<http://www.dbtk.mhlw.go.jp/toukei/kouhyo/data-rou16/jikei/jikeitutu09.xls>

well as employment. People in their twenties in rural areas find the most important reasons for the enlargement of the regional disparity in the local public finance and aging society with very low birth rate (*Shoshi Korei ka*). People in the metropolitan areas find the so-called structural reform of the former Prime Minister Koizumi so problematic as those factors in general. And the people in their twenties in rural areas feel it necessary to be supported for the construction of hospitals and nursing care institutions and they want capital investment by the public organizations.

We may well think that the mass media has influenced the increasing awareness of regional disparity and the regional difference of the consciousness. I have examined the articles of the newspaper *Nihon Keizai Shinbun* between January 2002 and November 2008 how this established “quality” newspaper, which is specialized toward economic and business affairs, have taken up the issue. This newspaper company opens a website to get all the articles in its newspapers. I used two keywords, “regional disparity” and “Japan”. However, articles which include these two keywords do not always treat the issue. I have judged on the basis of the headline and the content if the articles really deal with the social issue of regional disparity in Japan. Table 5-1 and Table 5-2 show the result.

Most of the articles deal with economic disparity. Their number suddenly increased in 2006 and much more in 2007⁵⁾. We can attribute it to the political dispute on the occasions of the national election for the Upper House, the change of the cabinet members and the change of the prime minister in 2007. These events and happenings led the newspaper to carry a number of series of articles which deal with some kinds of disparities such as inter-generational, inter-social-classes, inter-statuses-of-occupation and so on. Regional disparity was referred to in these articles, sometimes as a main issue and sometimes only incidentally. It is not always written in the

Tab.5.1 Number of articles on the regional disparity in Japan in the newspaper "Nihon Keizai Shinbun" between 2002 and 2008 according to the topics

Topics	economic	medical	nursing care	shortage of lawyer	information technology	public service & population	decentralization	urban area & rural area	university	Total
Year										
2002	1	1	1							3
2003	4				1					5
2004	7	1								8
2005	7					2				9
2006	19		1			1				21
2007	42	1		1		3	2	13		62
2008	19		3	1	2	2	1	14	1	43
Total	99	3	5	2	3	8	3	27	1	151

Source: author's own classification on the basis of the contents of articles in *Nihon Keizai Shinbun* between January 2002 and November 2008

Note: Artricles in 2008 are counted until 27th November.

"urban area and rural area" is a series of articles, title of which is cities and provincial areas.

Tab.5.2 Number of articles on economic regional disparity according to concrete problems

Problems Year	prefectural income	public finance	neoliberal philosophy	politics	business conditions	employment	consumption	venture capital	knowledge	land price	factory investment	Total
2002					1							1
2003		1			3							4
2004					5	1			1			7
2005					3	1				3		7
2006		2	7	5	3		1	1				19
2007		10	14	9	5		1			1	2	42
2008	1	4	6		4		2		1	1		19
Total	1	17	27	14	24	2	4	1	2	5	2	99

Source: author's own classification on the basis of the contents of articles in *Nihon Keizai Shinbun* between 2002 and 2008.

newspaper clearly what kind of relation there is between regional disparity and other disparities.

We should, however, take note that regional or local business conditions had been already taken up as a typical problem of regional disparity in the newspaper since 2003 (Tab.5-2). As well known, Japanese economy began to recover in 2002 from the long-term recession and depression for more

than ten years. But not all the regions enjoyed this economic recovery. While it is an open question if the economic policy of the Japanese government, the so-called Koizumi's Reform Policy of Economic Structure of Japan, really contributed to the recovery, there is no doubt that the increase of export of manufacturing industries led to the recovery. Regions and localities that fall behind in recovery of business conditions lack either manufacturing industries of international competitiveness, or their headquarters or high level service industries oriented toward producers.

3.3 Policies under the conservative government

Lagging regions and localities have often depended on the construction industries since long ago. Therefore, it is also clear that the cut down of administrative investment for building infrastructure, especially for roads, and cut down of public financial transfer from the central to local governments induced the difficulty of certain kind of regional and local economies (Sumi, 2008).

The Japanese government under the former Prime Minister Abe launched the policy "*Ganbaru Chiho Ouen Program*", namely Program for support of the local governments which make effort. In this program, the Ministry of Internal Affairs and Communications gives local governments 300 billion Yen in total as financial transfer from 2007 through 2009 for their own initiative to revive as an attractive locality (http://www.soumu.go.jp/ganbaru/pdf/ganbaru_070201_01.pdf). But what the central government did do in fact is reduction of the transfer (grant tax for local governments, if one literally translates the words "*chiho kofu zei*" into English) of more than 4300 billion Yen from 2002 to 2006 (Tab.6). Therefore, that program is very deceptive, even if one takes into consideration the acquirement of tax resources by local governments from

Tab.6 Reduction of transfer from the central government to the local governments from the fiscal year 2002 through 2006 (Mil. Yen)

Fiscal Year	Amount of transfer	difference from the year before
2001	20,349,760	
2002	19,544,863	-804,897
2003	18,069,295	-1,475,568
2004	17,020,109	-1,049,186
2005	16,958,719	-61,390
2006	15,995,350	-963,369
Total		-4,354,410

Source: *White Paper on the Local Public Finance*, Versions of each fiscal year

the central government in amount of 3000 billion Yen⁶⁾.

Furthermore, it is fact that most of the programs submitted to the Government, namely Ministry of Internal Affairs and Communication, by the local governments are to be classified not to the innovative and entrepreneurial or risk-taking program as private businesses, but to the traditional social services (<http://www.soumu.go.jp/ganbaru/index.html>). I think it natural, because the prime task of the municipal governments is provision of public services which are not suitable for the market exchange, what neoliberal economists do not recognize appropriately.

By the way, if a region or a locality is far away from any of several metropolises, it lacks headquarters of powerful business corporations and producer service industries so that it could not enjoy the economic recovery. And thus we can understand the reasons why regional disparity has increased in the last several years and why people attach importance to this issue.

Miyazaki (2008) is stimulative for thinking of reasons why regional disparity has increased under the government of the former Prime Minister Koizumi. He insists upon that it is attributable to the policy of regeneration of cities started in 2001. This policy attaches more importance to the

metropolitan area, especially Tokyo, than provincial areas and capital investment by public organizations has been shifted from provincial areas to the Tokyo metropolitan area in fact. The Koizumi's government accelerated construction works for re-expansion of the Haneda Airport, the Central Ring of the Capital Freeway, the Outer Ring Road of Tokyo and Connection Ring of the Freeways for the Capital Region and so on, while construction works has been reduced in provincial areas. It also became possible for private corporations to develop luxury high-rise condominiums and large office buildings including retail and restaurant functions of first class in the CBD and its adjacent areas just after the policy implementation for the regeneration of cities.

Tab.7 Change of Proportion of prefectural income per capita to the national average in Tokyo and peripheries in Japan and change of regional disparity index

Year	Prefecture	2001	2002	2003	2004	2005
Northern periphery	Hokkaido	0.89	0.87	0.86	0.86	0.85
	Aomori	0.77	0.76	0.74	0.73	0.72
	Iwate	0.81	0.81	0.79	0.80	0.78
	Miyagi	0.89	0.88	0.86	0.86	0.86
	Akita	0.79	0.78	0.78	0.77	0.75
South- western periphery	Tottori	0.83	0.80	0.80	0.80	0.76
	Shimane	0.85	0.85	0.83	0.82	0.81
	Kochi	0.77	0.76	0.76	0.72	0.71
western periphery	Fukuoka	0.89	0.88	0.88	0.87	0.87
	Saga	0.82	0.81	0.83	0.82	0.82
	Nagasaki	0.75	0.75	0.74	0.73	0.73
	Kumamoto	0.80	0.79	0.78	0.77	0.78
	Oita	0.88	0.87	0.89	0.89	0.86
	Miyazaki	0.74	0.75	0.75	0.75	0.73
	Kagoshima	0.75	0.75	0.75	0.75	0.75
Okinawa	0.70	0.69	0.69	0.67	0.66	
Core	Tokyo	1.49	1.48	1.51	1.52	1.57
	Osaka	1.02	1.01	1.01	1.00	1.00
	Aichi	1.13	1.15	1.14	1.15	1.16
Index of Regional Disparity		0.063	0.0641	0.0669	0.0685	0.0731

Source: *Annual Report of Prefectural Accounts*, Version of the Year of 2008

Thus not whole Japan, but only a limited number of localities in the core or the metropolitan areas enjoy the recovery of business conditions, while most localities in the peripheries experience a change for the worse (Tab. 7). The former attracts people on the basis of upturn either of export-oriented manufacturing activities or of service activities for both corporations and people. The latter loses people because of natural and social movements of population and has decreased financial revenue because of the reform of the public financial system.

It is very rare for peripheries to establish some dynamic economic activity, with which they can gain more and more income from the outside world. Several authors and mass media admire some localities which have been successful for the establishment of their basic activities oriented to demands in the outer world. Of course, there are some successful localities in mountainous area such as Kamikatsu-machi in Tokushima prefecture with the corporation “Irodori” (<http://www.irodori.co.jp/>), Oyama-machi with vegetable shops and restaurant supplying urban people with its organic and fresh agricultural products (<http://www.oyama-nk.com/>) and Yufuin-machi with its spa and preservation of townscape against mountains in Oita prefecture (<http://www.yufuin.gr.jp/>). But they are rare cases⁷⁾.

3.4 The ideology of neoliberalism

Now I would like to examine the content of the articles on regional disparity in *Nihon Keizai Shinbun*. Most articles are classified into the neoliberal opinion (Table 5-2). Its typical case is the editorial on 11th April, 2006. It attributes the enlargement of various disparities including the regional one at the beginning of the 21st century to five factors: depression in the 1990s, globalization, digital divide, difficulty of public finance and aging. In order to resolve the disparities, it insists upon economic growth

through deregulation and market mechanism, development of human capital through education and vocational training, equalization of opportunities or chances rather than equalization of outcomes or end states, although it does not forget to refer to the preservation and protection of welfare benefits for the persons with real difficulties of aging and sickness. It attaches greater importance to the equalization of opportunities than to the equalization of results again in the article “Think of Disparity” which appeared on 21st April, 2006. In the editorial on 11th August, 2006, it insists upon the effort for revitalization of regional economy through its own original ideas and thinking rather than depending on the public financial transfer and public construction works.

Articles appeared in 2007 have a tone similar to the ones in 2006. Its typical example is an article of Prof. Doi (2007), which appeared on 6th August 2007. He recognizes that rural areas suffer from the decrease of revenue and increase of expenditure for welfare benefit and social security because of depopulation and aging. The decrease of public financial transfer has effect on the imbalance of the public finance in rural areas as well. He insists upon that this problem could be resolved through decentralization promoted by the market mechanism. That is deregulation, competition among local governments and rejection of any help of the central government for the local governments which get into financial difficulties. He suggests that the financial system for local governments should include some incentives for them to be efficient in the use of the revenue transferred from the central government. According to him, the present transfer system of public finance has an aspect to excessively help local governments which do make no effort.

Those who make effort should be rewarded, and those who do not do so should be punished. This is a typical catchphrase of neoliberalism. It is sure

that we can see such a person as an individual, but can we really treat a local society from such a viewpoint as if it were an individual? Rather it may well be local governments of excessive entrepreneurship that have gotten into difficulties such as Yuubari in Hokkaido (Kaneko 2008, pp.1-26), Otaki in Nagano (Tojo 2006), Omuta in Kyushu⁸⁾ and so on. We must be aware that the State and large business corporations must have some responsibility for the failure of the municipal governments, because they had given some idea and financial support for the local undertakings.

Prof. Ii (2007) poses a question if it is fair that peripheries get more total revenue through the transfer than the metropolitan areas, although the former get much fewer tax revenue than the latter on her comment on regional disparity on 20th August 2007. There is a tendency for Japanese economists to discuss and judge all the statistics from the viewpoint of statistical numbers per capita only. We should, however, think of the statistics per area as well, when we discuss regional disparities, because it is obvious that the agglomerated areas can benefit from the economies of scale and thinly populated areas are disadvantaged from the start with respect to the social or public services, provision of which is duty of local government. In general, economists of main stream argue the social problem from the viewpoint of individualism. We should not, however, forget another aspect: society should be also understood from the viewpoint of methodological holism. Nobody and no locality can survive only by him/her/itself. If there is some shortage for survival in a locality and in a region, the others should give some aid. Politicians and many economists of main stream in Japan lack this sense of social solidarity.

Prof. Shimada (2007), a well known economist, recognizes the impoverishment of rural areas, and insists upon in his article appeared on 25th January 2007 that this problem can be conquered with in-migration of

elder people from metropolitan areas to rural ones. It is sure that some elder people can choose to move to some rural village for their final place for living. But the number of such people must be very small. We should recognize that elder a person is, lower the probability of moving is, at least in Japan. And elder people have needs to reside somewhere convenient to consult doctors of various medical departments. It is not in a rural area, rather in a bigger city. And elder people in peripheries should also have right to visit medical institutions. An article without author's name on 27th March 2007 suggests that elder people in villages remote from cities should move to cities and local government should support this movement. Is there really no option for local government to bring medical services to elder people or bring them to medical institutes by some transportation?

A series of articles under the title of "cities and provincial areas", which intermittently appeared between October 2007 and July 2008, are also interesting, partly because they tell us various facts and efforts of people in various cities and rural areas, and partly because we can grasp again the neoliberal ideology of this newspaper with respect to regional economic disparity. Its motto is that localities and regions must do some business for global market through their own ideas and originality by themselves in order to stand on their own feet. Deregulation and decentralization are indispensable for that according to the newspaper. And most of the concrete examples are effort of private corporations and struggle of the municipal governments to make a good climate for businesses. According to the newspaper, a region must bring up some industry by means of entrepreneurship. This thinking means that competition can resolve all problems. However, it is inevitable that losers appear from competition. Is it necessary for all the local governments to struggle for competition? At least, the main task of municipal governments of small and medium-sized is

not bringing up of business corporations, but social services for the people. It is very vague in the argument of the newspaper which level of government should carry which task on its shoulder.

It is also characteristic for neoliberal economists to point out the responsibility for the excessive deficit of the public finance of municipal governments. They also criticize such municipal governments for their behavior to build excessive luxury institutions and facilities for the inhabitants. It is sure that there are a number of examples of mayors and municipal councils responsible for their respective local public financial difficulties. But it is not so simple why many municipalities have fallen into the difficulties. The central government and sometimes prefectural governments lead municipalities to some construction works by means of giving them incentives, for example special local bond for merger of municipalities, which was launched in 1999. On the basis of this special local bond, a new municipality constructed through amalgamation of former smaller municipalities can pay back 70 per cent of the debt through special transfer from the central government.

The new city municipality, Sasayama in Hyogo prefecture, was admired as a model case for the merger of municipalities around the turn of the century, because it utilized that system prepared by the then central government. But as the government of the ex-prime minister Koizumi changed the policy of the public finance, namely reduction of the transfer from the central to the local governments, under the motto of the so-called large-boned principle of policy, "*Honebuto no hoshin*", the city municipality of Sasayama has fallen into financial difficulties suddenly (Kaneko, Takahashi and Hagami 2008). As I know, no economist of the mainstream, neoliberalism, points out the structural problem of the relationship between the central governments and local governments. They criticize the poor

economic performance of municipalities only from the viewpoint of individualism.

4. Concluding remarks

According to the classical index, regional economic disparity declined remarkably in the 1960s and in the 1970s. It does not, however, mean that some regions and some localities did not suffer from a certain problem. And peripheries of Japan did not approach to the Japanese average in prefectural income per capita so remarkably in those days. It is sure that employment opportunities spread through the national territory in the 1970s and the 1980s with the exception of some narrow peripheries. And these peripheries are still now as disadvantaged as before with respect to employment opportunities. The disparity of employment opportunities among regions and localities is a classical problem resolved not yet sufficiently.

It is also sure that regional economic disparity increased only a little bit in the classical index at the beginning of the 21st century. But it did increase in fact, and business conditions both in the peripheries and in many localities within most of provincial urban areas have not recovered in contrast to the Tokyo and Nagoya metropolitan areas. In addition to this, local public finance has become worse because of the reform of the public financial system. In these situations, it is understandable that the voice for resolution of regional disparity has become louder. Provision of basic social services for the inhabitants by public organizations seems to have attracted more attention than before in the framework of the contrast between metropolitan areas and peripheries. This is, however, not a new issue with respect to regional disparity in Japan. Then, what is now a new issue? In

order to answer this question, we should reexamine various ideologies of equalization⁹⁾.

According to the ideology of main stream economics, at least since the 1980s, individualization of local society as if it were a natural person is a key to solve the problem. A region or a locality should make every effort to revitalize its economy by itself. The central government should give some aid to such an entrepreneurial region or locality. And they insist upon that it is natural law that regions and localities without effort endure the economic difficulties.

We should, however, remind that effort does not always lead to success. Both local societies and regions consist of a lot of various persons and organizations. They can possess their own will in the form of a local government in democratic processes. But the local government is not a business organization with a distinct system of command which pursues maximum profit. Rather it has a duty to develop or at least to arrange public spaces for childcare, education, nursing, hospital, culture etc. and the infrastructure for these activities including transportation for the needs of the local people. Almost all the local governments have every effort for this purpose in the framework of the existing local public financial system.

We should pose a question again if a local society could be treated as if it were an individual. Should it be entrepreneurial as a business organization? We should reconsider what is public and if there are some levels of public matters or not. And if there are really some levels, then we should ask which public organization among various levels should undertake which public task. When we reconsider these problems, we should also take family and neighborhood into consideration, because these traditional communal relationships also play an important role for the public space for individuals.

What is now a new issue with respect to regional disparity? I think, it is the task how to reconstruct public spaces of several tiers, how to reorganize social relationship between private and public organizations and among several tiers of governments as well as among individuals in order to develop capability in the sense of Amartya Sen (1992). It is necessary to be careful not to simply analogize a local society to an individual.

Supplementary note: this paper was originally prepared for the International Workshop held at the German Institute for Japanese Studies in Tokyo on 5th December 2008 with the title “Regional Disparity in Japan. What matters?”. I presented a summary of this paper and discussed with the participants, to whom I would like to express my gratitude as well as to Dr. Lützel and Dr. Elis, who kindly invited me as one of speakers for the workshop.

Notes

- 1) Tadenuma (1991) is a textbook for the civil servants of the local governments in Japan. The author was a high-ranking official of the Ministry of Home Affairs and had experiences of duties not only at the Ministry but also at various local governments.
- 2) Economic geographers published three books on the regional and local problems in Japan in those days at the beginning of the 1970s. Contributions to the books vividly tell us the problems in villages, small and medium-sized provincial cities and metropolitan areas (Okuda et al 1971, Nishikawa et al 1972, Noguchi et al 1972).
- 3) The present author depicted an aspect of spatial dispersion of factories from Tokyo to adjacent prefectures (Yamamoto 1987) and showed the spatial relationship between the three largest metropolitan areas and the other areas through locational behavior of Japanese corporations (Yamamoto1991). He also pointed out the possibility of economic development of a periphery where branch factories are located (Yamamoto 1992).
- 4) Kawasaki (2008, pp.141-143) compares regional disparity with disparity of results of examination among students. Individual students have their own will respectively, but a region and a locality is not an individual but a public entity. The main argument of Kawasaki (2008) is, however, that the true regional disparity is not per-capita-income disparity, but disparity of labor productivity. He also regards it problematic that better human capital has been piloted to the economic activities characterized with lower labor productivity such as construction and public services (Kawasaki, 2008, p.156). Kawasaki (2008, p.159) concludes that labor productivity in a region should be enhanced through labor mobility or migration. This assertion is also problematic, because he does not take into account the complex thinking of an individual constrained by the structure. We should be aware of the variety of economic activities in a region of the scale of Japan's prefectures.
- 5) Miyazaki (2008, p.43) writes that number of articles on regional disparity in Japan has increased since 2004 in *Asahi Shinbun*, a quality newspaper oriented toward social democratic liberalism, and a very large number of them appeared especially in 2007. He used keywords either of region and

disparity or of regional disparity. Although he does not concretely write the contents of the articles on regional disparity in *Asahi Shinbun*, his finding is comparable to Tab.5-1 in this paper.

- 6) This figure, 3000 billion Yen, is according to Sumi (2008, p.112). It is sure that local governments got about 33,379 billion Yen as local taxes in the fiscal year of 2002 (*White Paper of the Local Public Finance*, Version of the fiscal year of 2004, Table 22) and about 36,506 billion Yen in 2006 (*White Paper of the Local Public Finance*, Version of the fiscal year of 2008, Table 23). They had gotten, however, about 35,549 billion Yen in the fiscal year of 2001 and 35,546 billion Yen before this year from their own tax bases (*White Paper of the Local Public Finance*, Version of the fiscal year of 2003, Table 21), as the business conditions was much worse than in 2006.
- 7) There are a number of articles and books which introduce the activities of the people in these successful localities. See, for example, Oe (2008), Kaneko (2007), Yokoishi (2007), and Matsuda (2004).
- 8) There are no books and articles which deal with the public financial problem of the municipality of Omuta. But it is apparent that this former coal industry city suffers from the financial problem, which is attributable to the reckless undertaking of theme park "Navelland" in the 1990s (Group of the plaintiffs and counsel for them with respect to the civil suit against Navelland 2003).
- 9) Dore (2001, pp.69-97) contrasts the traditional value of Japanese people in general and the one of Anglo-Saxons very well, and points out that more and more economists and elites in the central government who have experiences of study in the USA have become to have influential power on the public opinion in Japan. According to him, Japanese traditional value is identification with some group and egalitarianism, even if there is some stratification within this group. This value has been gradually destroyed through the influential power mentioned above.

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