

# The Development of Regional Social Planning in Postwar Japan<sup>1</sup>

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## Planning in the period dominated by the market

The 1980s began with the New Right attack. They attained political power in the US and the UK. Their thought penetrated traditional conservative parties in most countries. Even social democratic parties were forced to accept some of their doctrines. On the one hand, they emphasized the value of the family and stimulated the popular sentiments of nationalism, that is, they preferred a kind of traditionalism. On the other hand, they relied completely on the market forces that transcended nation states, that is, they were orientated towards globalization. It was the beginning of an era dominated by the almighty market. Due to the sequence of bankruptcies of state-socialist countries by the end of the 1980s, people's belief in the market had become firmer than ever.

Belief in the market meant disbelief in planning. The failure of planning, rather than the failure of the market, has been criticized. However, the market cannot solve all problems bound up with resource allocation, even if it is efficient in some aspects. The New Right, for example, did not leave issues relating to families and communities to the market, but they tried to introduce the market discipline in the field of social services through privatization policies instead. Their experiments over more than a decade showed that the markets created by the privatization of social services were just *quasi markets* (Le Grand & Bartlett, 1993) and that the private services provided by them were heavily dependent upon the government's regulations and subsidies (Papadakis & Taylor-Gooby, 1987). In other words, planning as a

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mode of resource allocation was inevitable, as well as possible, in the field of social policy. Resource limitations that are caused by environmental crisis, an ageing population, changes of family structure and so on make planning necessary in advanced countries.

That was also the case in Japan. The Nakasone Administration did not favour planning, but deregulation and privatization of economic policies in the 1980s. At the same time, however, local governments continued to make regional social plans. Facing the problems of an ageing population, they began to make Community Medical Plans (*chiiki iryo keikaku*) and Community Care Plans (*chiiki fukushi keikaku*). In Japan it was economic planning at national level, rather than social planning at regional level, that the advent of the New Right affected.

This paper will try to examine how and why the regional social plans, which were expected to be effective even in the period dominated by the market, originated, developed and changed in the postwar era in Japan. This is the prerequisite for understanding the present situation as well as for tackling the present problems.

Before beginning the discussion, we shall make some definitions (Takegawa, 1992: chap 1). We define *planning* as a system of measures to achieve a purpose that was made in advance, sometimes including the process itself through which the purpose is achieved. The agent of planning may be an individual or a collective. In this paper, we limit it to collective entities, especially central or local governments or quasi-governments. The term *social planning* indicates planning, when the content is *social*, or planning when the implementation process is *social*. The former means that (i) it includes planning of social policies in the narrower sense, or (ii) it has the comprehensiveness, that is, it includes planning of not only social policies but also all public policies. The latter means that people participate in making and/or implementing planning. The social planning that targets local areas or communities is *regional social planning*. Local areas or communities are intermediate societies between the level of individual society and that of national society. In this paper, we concentrate on the level of basic local government.

## **The Formation of Regional Social Planning**

The World Wars in the twentieth century have necessitated the planning of society. To win the war, each country mobilized not only military powers but also all domestic material and human resources. This was also the case in Japan. In 1937, *Kikakuin* (the Planning Ministry) was established to mobilize national resources. The control of economic activities was strengthened and some national land use plans were made during the war.

The end of the war also meant the end of the regime of total national mobilization (*kokka sodoin taisei*), but a preference for national planning has never disappeared. The planning for total war was replaced by the planning for reconstruction or economic development. Land use plans and economic plans especially played important roles.

The Japanese government published the National Land Use Plan in September 1945 and the Guidelines for a Reconstruction Plan in September 1946. The Act of Comprehensive Development was passed in May 1950 to establish a basic legal framework for land use. But no national comprehensive plan based on this law had been made until the First National Comprehensive Development Plan, or the first NCDP (*zenkoku sogo kaihatsu keikaku*), was made in 1962. Instead, in the 1950s, the government made 21 plans that targeted the development of the regional economy and the prevention of disasters within limited areas.

The Japanese government had failed to make any economic plans since the Katayama Cabinet in spite of its intent to do so, because of unforeseen and uncontrollable circumstances such as the beginning of the Korean War, the will of the American army that occupied Japan at that time and so on. The Hatoyama government made the Economic Independent Five Year Plan in 1955. It was the first formal economic plan and its objectives were economic independence and full employment. This plan underestimated the potential of the Japanese economy so

that the target level of economic performance was fulfilled in only two years. It was replaced by the New Long Term Economic Plan of the Kishi government in 1957. This plan also became irrelevant within a few years because of the unexpected growth of the Japanese economy. A style of economic policy, whereby government makes a formal economic plan and uses it to manage the economy, has been set up since then.

In the 1960s making economic plans and national land use plans became the central government's important tasks. The Ikeda administration committed itself to the Double National Income Plan (*kokumin shotoku baizo keikaku*) in 1960. This aimed at "promoting the living standard of people and realizing full employment" and set the target for the growth rate that would double the national income in real terms in ten years. It was a response to the world economic boom that had begun in the mid 1950s. It was also an effort to get people to look at their economic lives in order to recover the social integration that had been lost in the political crisis, whereby the Japanese people had been divided over the political conflict about the Treaty of Security between Japan and the US (*nichibei anzenhosho joyaku*). On the other hand, in October 1962, the Ikeda government made the First National Comprehensive Development Plan, or the first NCDP (*zenkoku sogo kaihatsu keikaku*), in order to "correct the imbalance between regions" and to "establish the system of industrial location (*sangyo ricchi*) in terms of national economy". The establishment of the Double National Income Plan and the first NCDP was the starting point for the regime of dual national plans.

Local governments were beginning to make regional social plans whereas the central government made two kinds of national plans.

The 1954 Act suggested the County Comprehensive Development Plan (*todofuken sogo kaihatsu keikaku*) should be made under the NCDP, so there was only one step towards regional social planning at the level of basic local government. Urban planning, which began in 1919, could be transformed into social planning if its contents had been extended from land use and public facilities to social services.

However, the move towards regional social planning in Japan came from another context.

At county council level (*todofuken*), what were called Industries Promotion Plans (*kensei shinko keikaku*) had been made since the end of the 1950s (Nishio, 1972: 54ff; Yoshitomi, 1972:73ff). At first they were *de facto* development plans in limited areas providing incentives to set up factories, but they evolved into comprehensive administrative plans. They were required to be consistent with the central government's national land use plans and economic plans, and they became the county versions of the national plans.

The situation at the level of basic local government (*shichoson*) was slightly complicated.

In 1953 the central government enacted a law to encourage the merging of small towns and villages in order to strengthen their financial power (Nishio, 1972; Kimura *et al*, 1982: chap 2). New towns and villages were required by this law to make New Town and Village Construction Plans (*shin choson kensetsu keikaku*) to integrate facilities and activities efficiently. In 1956 the central government made another law. It encouraged not only towns and villages but also small cities to merge, and it demanded that these new municipalities should make New City, Town and Village Construction Plans (*shin shichoson kensetsu keikaku*). It expected these plans to be comprehensive, but most of them were only plans for the construction of facilities to get subsidies from the central government. After it abolished the subsidies for these mergers in the 1960s, most local governments also virtually abolished their plans. In addition this law was abolished in 1965 and these plans thus lost their legal base.

In the early 1960s, attempts to introduce municipal plans had failed although national plans were well established. In July 1965 the Ministry of Local Governments, or MLG (*Jichisho*), set up a committee and asked it to review municipal plans, resulting in the publication of a report (MLG, 1966). It included many recommendations that would influence the municipalities. One of its most

important proposals was a three tier planning system, which consisted of a General Plan (*kihon koso*), a Basic Plan (*kihon keikaku*), and an Implementation Plan (*jissshi keikaku*). The General Plan was supposed to cover 10 years and to include ideals or long term objectives. The Basic Plan was supposed to cover 5 years and to include medium term objectives and a system of administrative activities. The Implementation Plan was supposed to cover 3 years and to include what was implemented in each year.

In 1969 the Local Government Act (*chiho jichi ho*) was amended and the making of a General Plan became obligatory for all municipalities. As a result, since then they have made municipal plans in Japan. In 1970, less than 10% of local governments had made General Plans, in 1975 the figure was three quarters, and, in 1980, it was almost 90% (MLG, 1984). There were 3,268 municipalities in 1989, and 95.0% of them had made General Plans, 87.4% of them had made Basic Plans, and 74.9% had made Implementation Plans (Tanosaki, 1993: 20).

If you focus on the comprehensive plans, there have been economic plans and land use plans (*kokudo keikaku*) at a national level, County plans (*todofuken keikaku*), which developed from Industries Promotion Plans (*kensei shinko keikaku*), at the intermediate level, and municipal plans, which came from New City, Town and Village Construction Plans at the level of basic local government.

### **The Decade of Industrial Plans: the 1960s**

Regional planning at local government level began to spread nationally in the 1970s. However, some advanced municipalities had already begun to make regional plans before they became obligatory. It is useful for us to focus on these to understand the characteristics of regional social plans in Japan in the 1970s. Let us therefore examine the content of these regional plans.

Japan in the 1960s is well known for its rapid economic growth. The policy of central government was to accomplish high growth rates through heavy

industrialization (*jukagakukogyoka*) such as steel, shipbuilding, machinery, electrical and chemical industries. Therefore most regional plans made in this period had to be consistent with this policy.

We should remember that the rapid growth of the Japanese economy was not the result of government economic planning, but rather that the plan was an expression of the trend that had begun in the late 1950s. The Double National Income Plan was the plan that got the government to solve the problems arising from economic growth, rather than a plan that got it to induce economic growth. Therefore the major tasks of government were: to construct the infrastructure in such a way that was related to people's lives as well as factory production; to modernize the agriculture that was run by extremely small and less mechanized units; and to strengthen the competitiveness of middle or small sized firms, thus enabling them to catch up with the development of large enterprises and so on. However, the government's efforts to tackle these problems were inadequate. As a result of which, environmental pollution and urban problems became more serious than ever.

On the other hand, the first NCDP stated explicitly a policy of rapid economic growth through heavy industrialization. This aimed at "establishing a proper industrial location regime in the view of national economy", as well as "correcting regional imbalance". It adopted the method of "focus setting development" (*kyoten kaihatsu*), which did not allocate resources widely and thinly but concentrated them on limited areas, in order to maximize the effects of development. To realize this idea, the government in the early 1960s enacted laws to encourage the building of new industrial cities and areas. In spite of its attempts to correct the regional imbalance, the contrast between the overcrowding found in some areas and the extreme scarcity in other areas widened during the 1960s.

The rapid economic growth resulting from heavy industrialization generated many serious social problems in various areas of Japanese society, especially environmental pollution and a shortage of the facilities essential for urban life. Under such circumstances central government paid attention to social development

theory (Matsubara, 1973). At first, this theory, proposed by the United Nations, meant that less developed countries needed social development to remove traditional factors that inhibited economic development. However, when it was introduced in Japan (in the early 1960s), it had been transformed into the view that social development was needed to correct social imbalance and external diseconomy caused by economic development. Because this theory had influenced central government since the early 1960s, the economic plan of 1967 was named the Economic and *Social* Development Plan (*keizai shakai hatten keikaku*), and social development became one of its objectives. Nevertheless, social development in this plan was only concerned with the infrastructure of industry, and central government did not invest fully in the infrastructure related to people's living conditions.

That was the background in which advanced local governments made regional plans in the 1960s. They were local versions of national plans orientated towards rapid economic growth, such as the first NCDP and the Doubling National Income Plan. We can therefore call them Industrial Plans in the sense that they gave top priority to industrial development.

For example, the Kobe Comprehensive Basic Plan, which the city of Kobe had begun to make in August 1962 and completed in November 1965, was a typical industrial plan (Takegawa, 1992: chap 2). Although the then mayor proclaimed that it evaded the "production-first ideology" and adopted "the concept of social development," its major components were an "industry promotion plan" and a "port construction plan". The former aimed at making Kobe the centre of the regional economy, and to do that it intended to locate "mechanical factories" and "export industries" in its territory. The latter was targeted at "the improvement of Kobe's functions as an international port city" and adding an "industrial character" to this international trade port. On the other hand, the part that was supposed to be concerned with social development was only a "public facilities plan" and this was marginal in comparison to the parts concerned with economic development. This was nothing but a plan for rapid economic growth to be achieved through heavy



industrialization. Moreover, it was the same as the central government's plans that pursued economic development in spite of emphasizing social development.

Nevertheless, municipal plans made in the 1960s had the character of social plans because they included the planning of social policies and they were orientated towards comprehensiveness. In a sense, the situation that necessitated social planning began to appear in the 1960s. However, we should not overestimate these points because their main concerns were elsewhere.

### **The Decade of Deindustrial Plans: the 1970s**

In the 1960s, some people had already highlighted the social imbalance and the environmental destruction caused by the rapid economic growth of the 1960s. As a result, social development theory gained popularity and the names of economic plans were changed to economic *social* plans. However, the central government's basic policy of rapid economic growth through heavy industrialization remained unchanged. Instead of attempting to lower the growth rate, many plans were made on the assumption that the trend of high speed growth of the 1960s would continue for a long time. This tendency did not change until the early 1970s. The world economic change resulting from the dollar shock in 1971 and the oil shock in 1973 made it impossible to implement these plans. Japan recorded negative growth in 1974 and it has not returned to the rapid economic growth of the 1960s since then. Accordingly it became more difficult to finance public policies.

In Japan the year 1973 was called "the first year of the welfare era" (*fukushi gan'nen*) because many social policy reforms were introduced, such as free medical care for the elderly, an increase of medical insurance benefits, an improvement of pension benefits, an indexation in public pensions and so on. Ironically, it was also the year when Japan's rapid economic growth was brought to an end by the oil shock. This coincidence symbolized Japan's fate because it had to build the welfare state under an economic crisis in the 1970s. The policy of "the first year of the welfare

era" was perhaps based upon the assumption that the rapid economic growth would continue. However, it could not be abandoned simply because this assumption was lost. Firstly, many of the social problems generated in the era of rapid economic growth had remained unsolved. Secondly, there was also a political reason. The Liberal Democratic Party (LDP) had been the only governing party since 1955, whereas opposition parties had been very weak, including the Japan Socialist Party (JSP), the Japan Communist Party (JCP), the Democratic Socialist Party (DSP). However, the so-called '1955 scheme' was about to dissolve in the early 1970s, because the LDP lost many seats in parliament at the 1971 and 1972 elections in spite of retaining a majority. The LDP government therefore needed to reconstruct the 1955 scheme. Thirdly, inertia of institutions, or incrementalism, might prevent a prompt policy change.

"The beginning of the welfare era" was too late to respond to the social problems caused by the inadequacy of public policies in the 1960s. However, if it had come a few years later, it would be impossible to implement this policy because of economic stagnation. In this sense, 1973 might be seen as a time-limit for starting it.

In the field of national planning, this movement resulted in the examination of social planning theory instead of social development theory within the central government. While in the 1960s the latter stated that an economic plan or a land use plan should include components of social development, in the 1970s the former proposed that a national social plan should include an economic plan and a land use plan. In 1976 the Japanese government submitted a report concerning the integration of its social policies to the OECD, and in 1977 a committee within the Economic Planning Agency recommended the establishment of "Integrated Social Policies" or "Social Plans" to "transform the basic way of thinking that gave priority to the logic of economy over the logic of society" (EPA, 1977). In 1979 one deliberative council of the government reviewed "Social Plans" based on similar

thinking. However, in spite of these attempts, social planning at national level did not materialize.

Local governments made municipal plans during the 1970s under such circumstances. Central and local governments shared the same tasks of building the welfare state at the time of the economic crisis, just as they shared the same policy of rapid economic growth through heavy industrialization in the 1960s. However, these two periods were different in two ways. Firstly, the policy changes of the early 1970s were pioneered by advanced local governments and the central government followed them, while in the 1960s central government took the initiative over local governments. Secondly, municipal plans in the 1970s gradually became social plans, whereas central government failed to make social plans.

In relation to the first point, central government's inability to solve the urban social problems of the 1960s effectively gave birth to some Left local governments (*kakushin jichitai*) controlled by the JSP and the JCP. The Left local governments were a minority, but their influence on the central government and other local governments was very strong. This is because they appeared at a time when quite a few people took it for granted that the LDP government would last perpetually and because metropolitan cities like Tokyo, Osaka and Yokohama became governed by the Left. Especially significant is that central government was obliged to approve and accept innovations initiated by them. For example, the Anti-Pollution Bylaw enacted in 1969 by the Tokyo metropolitan government urged the central government to amend the Basic Law of Pollution (*kogai taisaku kihon ho*) in 1970. Free medical care for the elderly introduced by the Left local governments, including Tokyo, was adopted in the central government policy of "the first year of the welfare era" in 1973. In addition, the central government changed the policy of NCDP in the field of land use plans in 1977, when local governments had already completed the policy change.

In relation to the second point, municipal plans in the 1970s were regional *social* plans, as defined in the first section, in the sense that they included the planning of social policies. They tried to plan social policies to solve the social problems of

the 1960s, whereas the 1960s plans were virtually Industrial Plans and lacked this dimension.

They not only included the planning of social policies but also prioritized these above the planning of industrialization. If we call a plan, which regards providing facilities or services for people's lives to be more important than building the infrastructure for factories, a 'Deindustrial Plan', most municipal plans made during the 1970s were clearly of this type. One pioneering and typical example was the Tokyo Medium Term Plan in 1968. It was based upon the idea of the Civil Minimum proposed by Matsushita (1971a; 1971b), who insisted that local governments should indicate minimum standards quantitatively in each field of social policy. These standards ought to be guaranteed by municipalities for their residents, because there was a need to extend the provision of social security, social capital and public health due to industrialization and urbanization. This idea was an antithesis to the Industrial Plans that dominated the 1960s (Takegawa, 1992: chaps 2-4). The Tokyo Medium Term Plan had an enormous impact on other local governments and quite a few municipalities replaced Industrial Plans with Deindustrial Plans. They had not been cancelled even after the oil shock and they had continued to be made during the later 1970s, a period of low economic growth. It meant that problems confronting the local governments in the 1960s were very serious.

In addition, municipal plans in the 1970s were becoming regional *social* plans, as mentioned in the first section, in the sense that they were comprehensive. The Deindustrial Plan could, in extreme cases, be a plan which consisted of social policies alone and excluded economic policies. In fact, the Tokyo Medium Term Plan hardly covered industrial policy. This may be natural because the Deindustrial Plan was the antithesis of the Industrial Plan. However, it was only possible in the case of wealthy metropolitan local governments. Most local governments in less economically advanced areas could not pursue deindustrialization as far as Tokyo did, but preserved industrial policy within a regional plan although they emphasized social policy. As a result, most regional plans could remain their comprehensive.

Finally, regional plans in the 1970s were becoming regional *social* plans in the sense that they included people's participation in the process of making or implementing plans. MLG (1966) recommended that municipalities should involve as many residents as possible in the process of making plans: a deliberative council (*shingikai*), a public forum (*kochokai*), consultations with agricultural, industrial or commercial organizations, opinion polls conducted by women's or youth clubs etc. Many local governments were influenced by this report and accepted its recommendations. By 1979, 68.5% of them had set up deliberative councils and 22.3% of them had changed an important policy or revised parts of the plan following their advice. Public opinion polls for making plans had been conducted by 63.6% of local governments (MLG, 1980). Some of them adopted ways of participation which had nothing to do with the people's initiative. However, throughout that period, many local governments had experimented with public involvement in a way that was different from old style publicity activities (*koho kocho katsudo*) (Takegawa, 1992: chap 5).

### **The Decade of Reindustrial Plans: the 1980s**

As noted above, while we can refer to the 1960s as a time of high speed economic growth through heavy industrialization, we can call the 1970s (when "the first year of the welfare era" and the first oil shock happened simultaneously) the period of the welfare state building under the economic crisis. Though it is well known that there was an economic crisis in the 1970s, it is not well known that the welfare state in Japan was formed during the same period. Therefore this point should be explained in more detail.

The New Economic and Social Development Plan in 1970, which was based on an assumption of the continuity of rapid economic growth, proclaimed the policy of high cost for high welfare (*kofukushi kofutan*), i.e., the notion that Japan should pay a high cost to improve the conditions of welfare, and it was followed by the policy of

"the first year of the welfare era" in 1973. The Economic and Social Basic Plan in 1973, which still insisted on a Big Project Method, aimed at "building the energetic welfare society". The First Half of *Showa* 50s Economic Plan in 1976, which was made under circumstances such as the lowering of economic growth and thus the fall of tax revenues, gave priority to social policy expenditures and approved the policy of the welfare state building that had begun in 1973.

This central government's policy increased social expenditure substantially in the 1970s, especially in the field of social security (SDRI, 1993). The cost of social security in proportion to the national income had been stable during the 1960s: 4.9% in 1960 and 5.8% in 1970. However, it increased to 12.3% in 1980. Whereas the increase of the 1960s was 0.9 point, that of the 1970s was 6.5 point.

Because the transition towards the welfare state was proceeding under economic strain, the central government had to borrow much money. This resulted in an increase of the proportion of public debts to the total annual revenue: 4.1% in 1970 and more than 30% in the later 1970s. On the other hand, the proportion of expenditure on returning the public debts to the total expenditure also increased from 3.5% in 1970 to 12.7% in 1980. The increase of social expenditure accompanied by the shift towards the welfare state was one of the most significant factors that contributed to the increase of total public expenditure. Furthermore, the policy of high cost for high welfare in the early 1970s was avoided cautiously because of its political unpopularity, so that the central government inevitably faced a financial crisis by the end of 1970s.

The New Economic and Social 7-year Plan launched in 1979 was a turning point. While it appealed for financial reconstruction, it proposed realizing a "Japanese type of welfare society" that emphasized the role of the family in the welfare mix. It was obviously an ideology for contracting social expenditure. In those days advanced countries experienced the welfare state crisis in the background of the stagflation of 1970s. The policy change represented by the "Japanese type of welfare society" was a Japanese version of the welfare state crisis. Though Japan

was thirty years behind the major advanced countries in starting to build the welfare state, it caught up within less than ten years in terms of the crisis.

In 1979 the central government intended to introduce the General Consumption Tax, a kind of value added tax that was very common in European countries, in order to balance the government budget. However, because it turned out at the general election of 1979 that a tax increase was politically impossible, central government began to promote a slogan such as 'fiscal reconstruction without a tax increase'. This change of basic policy from a revenue increase to an expenditure decrease pressed more strongly for a reduction in social expenditure in the 1980s. In 1980 the central government established the Ad hoc Commission for the Public Administration (*Rincho*) and asked them to discuss the recommendations for administrative and financial reform.

On the other hand, an end of the rapid economic growth also meant an end of the policy of heavy and chemical industrialization. Since the 1960s Japan's mechanical industry had become internationally competitive by rationalizing the production process, and by the 1970s there was a friction in trading between Japan and the United States. At the same time, Japan could not continue to sustain its comparative superiority because of the late comer's industrialization. Therefore, it became clear that the leading industry of Japan should shift from the heavy industry to the knowledge industry.

Naturally this was reflected in central government's development policy. The Technopolis Project of the MITI supplanted the method of "focus setting development" in the first NCDP and the Big Project Method in the second NCDP in the 1980s (Shoji, 1985: chap 6). It was expected that the introduction of a high-tech industry would result in balanced regional development among the industry, the academy and the habitation, which would be able to perform two functions at once: knowledge and technology intensive industrialization, and the realization of the Program for Settlement in the third NCDP. The Technopolis Project was a strategy for development that was completely consistent with the 1980s task, namely the

change of industrial structure, though there was doubt as to how strongly it affected the regional communities in which it was adopted.

This was the policy climate at the level of central government. If the 1970s were the age of welfare state building in an economic crisis, the 1980s were the age of the transformation of industrial structure and of the financial reconstruction. Under such circumstances local governments should make regional social plans in the 1980s, which were different to those in the 1970s.

In the 1970s local governments were making and implementing Deindustrial Plans in spite of economic stagflation because they had too many problems to solve. However, it could not continue for ever and its limit was reached at last. The Tokyo metropolitan government was also a pioneer here. The economic crisis made it difficult for the Tokyo Medium Term Plans, typical examples of Deindustrial Plans, to be realized and they ceased to exist after 1975. The Tokyo metropolitan government, whose independent financing was restricted by central government, declared "the fiscal war" against the central government to seek fiscal autonomy. Afterwards it revived Deindustrial Plans such as the Three-Year Plans for Administration and Finance in 1976 and 1978. However, they were soon cancelled because the Right Governor who promised fiscal reconstruction was elected, and the Left Governor who had promoted Deindustrial Plans resigned in 1979. The limits of Deindustrial Plans and the fiscal crisis of local governments appeared not only in Tokyo or in the Left local governments, but they were common problems for most local governments.

We can call the regional social plans that resulted from the local fiscal crisis of the 1980s Reindustrial Plans. They emphasized investment for industrial purposes to revive local economies instead of giving top priority to social expenditure. For example, Tokyo Metropolitan Government made new plans such as the My Town Tokyo '81 in 1981, and the Tokyo Long Term Plan: My Town Tokyo in 1982. These aimed at "a response to a low growth economy", "a response to internationalization and the information revolution" and so on, and they included the



possibility of evolving into a big project such as the development of Tokyo Bay in the later 1980s. Other local governments followed this trend. In response to the central government's Technopolis Project, some local governments incorporated regional development based on the high-tech industry into their regional social plans.

In terms of the emphasis on infrastructure for industry, the Reindustrial Plans in the 1980s were identical to the Industrial Plans of the 1960s and antithetical to the Deindustrial Plans in the 1970s. However, they were neither an attempt to revive the 1960s nor simply an antithesis to the 1970s.

First,ly the industries in the Reindustrial Plan were not the old heavy and chemical industries. It is true that it was especially the high-tech industry as in the case of the Technopolis Project. However, it did not have to be such a leading industry, so long as the leading industry was located somewhere in Japan, and the economy as a whole was growing steadily. It could be an industry that produced information or an industry that provided services. It could be small-sized factories that produced high value added goods, or local traditional manufacturers that produced small goods for everyday use. Reindustrial Plans were Industrial Plans in what Daniel Bell has called the post-industrial society.

Secondly, the Reindustrial Plan inherited the perspective of planning social policies from the Deindustrial Plan. In extreme cases, the latter had a tendency to expel economic policies as a reaction against the 1960s. However, the former did not exclude social policies even if it was more eager to revive the local economy. This was partly because the regional social plans of the 1970s, as stated above, had already become social plans as comprehensive plans in spite of their deindustrializing appearance. In other words, the transition from Deindustrial to Reindustrial Plans did not accompany a complete change of the planning format, but rather a shift of emphasis within the same format. Furthermore, partly because local governments were so directly related to residents' lives, and thus it had become impossible, particularly after experiencing the Deindustrial Plans in the 1970s, for them to make regional plans without planning social policies. This was contrary to the situation at

central government level, where the social planning theory had been replaced by the doctrine of a Japanese type of welfare society.

Nevertheless, it is true that the system of social policies in the 1980s was different from that in the 1970s. On the one hand, the social policies in Reindustrial Plans were not expected to prevent fiscal reconstruction or economic revival; on the other, they were not expected to give rise to the impression that social policies were curtailed. To satisfy these conflicting requirements, the theory of the amenity appeared in the 1980s. It insisted that local governments had to establish new amenity oriented social policies instead of the old inflexible ones centered on public facilities. This idea resulted from the fact that the Deindustrial Plans of the 1970s had solved the shortage of public facilities, as a result of which people had demanded more than a quantitative minimum in the field of social policies. In this sense, it was not regarded as indicating the withdrawal of social policies, but rather as the beginning of a new stage. In this theory, however, the word amenity was not used as a common noun but as an abstract noun, and therefore, it was disconnected from amenities such as schools, libraries, hospitals, residential homes and so on. This usage was appropriate for the tasks of reindustrialization and fiscal reform because it did not demand an increase in the local government's budget. Accordingly, Reindustrial Plans came to be filled with symbols such as the amenity, the amenity environment, the software in social policy and so forth. In this sense the theory of amenity was the ideology of social policy in the Reindustrial Plan (Takegawa, 1992: chap 3). Furthermore, it was superior to the theory of a Japanese type of welfare society because of its sophistication and lack of reactionary appearance.

Thirdly, the activity of making regional social plans had been well established among most local authorities during the 1970s. The Industrial Plans of the 1960s were made by only a few pioneering local governments; they were still at the state of the trial and error and their planning methods and contents were immature in terms of today's standards. However, in 1969 it became obligatory to make a General Plan (*kihon koso*) and between then and the early 1980s most local governments in Japan

made regional social planning one of their routine tasks. Furthermore, not only has the number of local governments making regional social plans increased, but also the quality of their forms improved, not what they planned but how they planned. At first, some local governments made only Basic Plans that lacked Implementation Plans; some did not make efforts to inform the residents about the plans they had made; and within the local congress its members hardly discussed the regional social plans that they approved. However, these points have been gradually improved and the regional social plans have acquired effectiveness and practicability. These improvements, in the form of Reindustrial Plans, were completely different from Industrial Plans and slightly different from Deindustrial Plans

### **The Decade of Post Reindustrial Plans?: the 1990s**

In the 1980s, as noted in the first section, the central government of Japan adopted social and economic policies of the New Right. Like other countries, on the one hand they tried to incorporate nationalism and traditionalism into the social structure, on the other they pursued globalization and rationalization in the economic structure. The stagflation of the 1970s generated two distinctive types of social and economic policies in the 1980s, namely, the New Right and Neo-corporatism. The former was pursued under the strong leadership of the government and the latter was pursued under the tripartite strategy (Takegawa, 1989; Mishra, 1990). Nevertheless, in Japan in the 1980s, the New Right's policies were made and implemented in the corporatist manner as exemplified in the Ad hoc Commission for the Public Administration (*Rincho*).

The government intended to do two important tasks during the 1980s, i.e., the change of industrial structure and the fiscal reconstruction, under the New Right public policy. As a result, the industrial structure of Japan changed parallel with globalization to some degree: the knowledge industry was growing and the heavy and chemical industry was declining slightly within the second industry; and the service

industry was growing rapidly within the third industry. In addition, administrative and financial reform succeeded in reducing the financial deficit, but it caused a new problem that requires a solution in the 1990s.

By the early 1980s, the welfare state building of Japan, which had begun in the early 1970s, was halted by the fiscal reconstruction without tax increases as well as by the ideology of the Japanese type of welfare society. This is reflected in the proportion of social security expenditure per national income (SDRI, 1993). Whereas it increased from 5.8%(1970) to 12.3%(1980), it was stable in the 1980s: rising to 14.4% in 1987 but decreasing to 13.7% in 1990. The government did not succeed in decreasing the social security expenditure to the level of the 1960s, but succeeded in preserving the status quo of the 1970s.

It should be noted, however, that the process of an ageing Japanese population was not halted, indeed it accelerated during the same period. The proportion of elderly people (i.e. over 65 years) was recorded at 7.1% in 1970, 9.1% in 1980 and 12.1% in 1990. Although international comparisons show that the size of social security expenditure was well explained by the level of ageing (Wilensky, 1975), Japan in the 1980s was an important exception to this general proposition. In other words, the increase of social security expenditure in the 1980s was negligible in comparison with that of the 1970s, though the rate of ageing in the 1980s was faster than that of the 1970s. It meant that the level of social expenditure, including social security, could be curtailed in real terms.

The fiscal reconstruction without a tax increase in the 1980s was effective in strengthening the fiscal disciplines but it was ineffective in preparing for the ageing society. In the 1960s, although the concentrating process of population accompanied by the rapid industrialization needed social policies, the government prioritized the rapid economic growth and refused to introduce them. The same pattern of behaviour was repeated in the 1980s. This time the ageing process of population needed social policies, but the government gave top priority to the fiscal reconstruction without a tax increase and left them untouched. As Japan had had to

solve the problems of the 1960s in the 1970s, it had to solve the problems of the 1980s in the 1990s.

A breakthrough came from abroad. At the end of the 1980s, Japan and the United States held the Structural Imperative Initiative (*nichibei kozo kyogi*) to improve the trade imbalance. The US government then pointed out the shortage of social capital related to people's living standard in Japan, and accepting this opinion, the Japanese government made the Public Investment 10-year Plan. It was ironic that fiscal reconstruction without a tax increase contributed enormously to widen the trading imbalance that caused such foreign pressure: it made the domestic demand stagnant and the dependence of the Japanese economic system upon exports stronger than before. This reduced the chance of surplus money being invested at home and made it go towards the US in the early 1980s, as a result of which, a situation emerged in the exchange rate in which the dollar was strong and the yen was weak, which contributed to an increase in the trade surplus with the US (Masamura, 1991). Furthermore, in the later 1980s, thanks to the expensive yen and the cheap dollar following the Plaza Agreement, the surplus money was invested in land and shares at home and their prices escalated in what was called the 'Bubble Economy' (Miyazaki, 1992; Noguchi, 1992). This meant that if the government had begun to prepare for the ageing society before the Bubble Economy, its cost would have been cheaper.

Another breakthrough was a domestic factor. In spite of the theory of the Japanese type of welfare society that insisted that the family should bear more responsibility, the Japanese family structure had changed steadily so that people noticed the existence of problems they could not manage. Public opinion had begun to change and it was contended that the government should solve the problems resulting from ageing. At that time, the government introduced an indirect tax, which had been rejected at the 1979 general election, called the consumption tax in 1989. In addition to the fact that any new tax is unpopular, the government passed this bill in the conflict situation of the parliament. As a result the government lost support from the electorate. At the Senate election of 1989, the LDP could not gain

an overall majority of the seats. At the end of 1989, the LDP government suddenly made the Elderly's Health and Welfare Promotion 10-year Strategy, which was supposed to restore the people's support as well as to respond the expanding need for social services caused by ageing. Allowing for the lower level of ageing in Japan then, its target was inadequate in comparison with European welfare states. Its budget was negligibly smaller than that of the Public Investment 10-year Plan that was made almost simultaneously. However, if we think of the decade of the 1980s when social expenditure continued to be contained, it was a turning point indicating a change in the government's attitude.

Regional social plans should have responded to this change. Although many local governments made regional social plans to cope with the local fiscal crisis in the early 1980s, fiscal reconstruction had become a less important issue for most of them by the end of the 1980s. It was not because their reforms succeeded, but because the economic boom raised the tax revenue in the late 1980s. The local governments that became free from the fiscal crisis could incorporate tasks such as preparation for the ageing society and investment in the infrastructure for people's lives into their regional social plans. These plans can be called the Post-Reindustrial Plans.

It seems that we can observe, at least at the time of writing, some emergent properties in the circumstances surrounding the regional social planning of the 1990s, i.e. Post-Reindustrial Plans. Four of these, I will now discuss.

1. The Reindustrial Plans of the 1980s, of course, included tasks such as the preparation for the ageing society and the creation of the amenity environment. This was a legacy of the Deindustrial Plans of the 1970s. But there were limitations because the welfare state building was halted by the central government's fiscal reconstruction without a tax increase and the local governments' priority was placed elsewhere. This time, however, the central government's plans have provided financial back-up for local governments' plans. It is not the amenity as an abstract noun but as a concrete infrastructure including amenities that the Public Investment 10-year Plan was supposed to invest in. The 10 year Strategy's objectives, even if

they were too modest, were expressed quantitatively, and they have become more than simple political symbols.

2. Local governments, especially Left local governments, led the formation of the Deindustrial Plans in the 1970s and the central government followed them. However, in the case of the emerging Post-Reindustrial Plans, the initiative of local government did not appear. Local governments' policy changes were behind the central government. Moreover, it seemed that the central government was more sympathetic to the policy change than local governments; although the goals of the 10-year Strategy were, as noted above, inadequate, some local governments were reluctant to accomplish them, because they were too idealistic in terms of the logic of incrementalism that underpinned them (Tanosaki, 1993).

3. It has been some thirty years for the pioneering local governments, and about twenty years for most local governments, since the beginning of regional social planning. Thus, regional social planning is now well established in Japan. For example, at the end of the 1970s, only a quarter of municipalities disclosed a draft of their Basic Plan to their residents, but by the early 1990s more than half did (Tanosaki, 1993). During the same period, as regards the opening of deliberative councils, the percentage of local governments increased from 69% to 90%; the number of local governments that conducted opinion polls for their Basic Plans rose from 63% to 75%; local governments making Implementation Plans increased from 79% to 85%, and local governments that did not disclose them decreased from 59% to 23%. These changes show that regional social planning has become an essential feature of the work of local authorities.

4. Another characteristic concerning regional social planning in the 1990s is the making of social plans targeting a specific social policy. It has been a response to a change of situation at central government level. As noted before, proposals of social planning as *comprehensive planning*, which flourished in the 1970s, have been decaying rapidly since the early 1980s. Instead, social planning as *planning of social policies*, especially those which focus on a specific area of social policy, has

received most attention at the level of central government. In 1985, the Medical Care Act was amended so that local governments at the county level were obliged to make the Regional Medical Care Plan. Its purpose was "to utilize medical resources effectively and allocate them reasonably". Its direct target was to control the number of hospital beds in order to decrease the cost of medical care. Yet it also aimed at establishing a community medical care system that emphasized primary care and care for acute patients. In 1990, the eight laws concerning personal social services were amended, and as a result an Elderly's Health and Welfare Plan has become obligatory for all local governments since April 1993 in order to actualize the 10-year Strategy of 1989. Furthermore, the Lifetime Learning Promotion Act was passed in 1990, which required of local governments that they made a Regional Lifetime Learning Promotion General Plan (*kihon koso*). Consequently, a new situation has emerged: local governments make specific regional social plans for individual areas of social policy, in addition to regional social plans as comprehensive planning having a long history.

At the time of writing, it is too early to characterize the regional social planning of the 1990s, in the same way as the 1960s, the 1970s, and the 1980s. However, it has become evident, as noted above, what kind of problems Japan's regional social plans in the 1990s should tackle. Furthermore, the social expenditure for these tasks might become more expensive because the government did not make the necessary preparation for an ageing society in the 1980s. Moreover, if the economic situation of the early 1990s continues, they may have to perform them in the context of dual hardship, such as economic recession and expensive land price. However, Japan is not going to avoid these tasks, as it did in the 1970s. As the same mistake was repeated, an effort to correct it should be repeated.



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