

# **Centralization and Peripherization by Urban Renaissance Policies in the Polycentric Kansai Region, Japan**

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## **Introduction**

The structural dynamics of the Japanese urban and metropolitan development, similarly to many other highly developed countries in a post-industrial structural change of the national economies, is currently strongly influenced by a spatial and functional resetting, led by the urban renaissance (UR) strategies. In many cases, the UR analysis concentrates on the physical city core developments, without taking in account the larger metropolitan and governmental context. This paper is examining the emergence of new spatio-functional disparities arising on behalf of centralisation and peripherisation within Kansai metropolitan area, occasioned by the implementation of Japanese national UR policy on the polycentric metropolitan Region of the cities of Ôsaka, Kyôto and Kôbe. The focus is initially directed on how the national government led UR policy influences the regional and local level. We further ask whether the UR policy on different governance levels of the polycentric structured Kansai-Region leads into new forms of regional and local peripherization and centralization of urban functions.

## **General conditions of the UR in current Japan**

The UR policy is usually seen as a local, but state supported conceptual reaction on the effects of post-industrial structural shifts on central urban areas, where low dynamics of the urban economy at the beginning of the post-industrial era within highly developed economies, accompanied by changes in the traditional employment patterns based on the long-term-stability of industrial production and related services, and the peripherization of residential functions lead to a stronger social and economical disparity effects within central urban areas (cf. Allin et al. 2004; cf. OECD 2003). Parallel to this, a strong international competition among cities in the context of globalization creates a pressure on positioning on a global scale (BMVBS

2011). As redistributive means of capital are reduced due to economic stagnation, shifts in the urban and metropolitan governance arise, aiming towards a selective distributional pattern of large projects in order to create positive “hot spots” effects within the central city areas instead of aiming on an spatially even welfare redistribution and spatio-neutral urban development policy, using measures of deregulation and location-specific investment. It is defined as a property-led regeneration and often seen as “privatization of urban policy”. (DiGaetano/Strom 2003). On the other hand, regional players often tend to balance uneven development or its negative effects by securing services for the public etc. However, usually central government plays a direct role in decisions regarding public and private stakeholders and enterprise zones participating in the UR process (cf. Hall / Tewdwr-Jones 2011; cf. Imrie / Thomas 1999).

In the Japanese case, the UR term is used widely as a tool of the state urban development policy, including the national housing policy estates, safety measures in catastrophe protection and many others. However differing the implementation is, the Japanese Urban renaissance law of 2002 defines two kinds of UR “policy”: the machizukuri-type, aiming on a close cooperation with citizens in order to improve local quality of urban communities’ life in cities of all sizes and locations, and the toshi-keikaku type, aiming on international competitiveness of large cities by fundamental urban restructuring in a close coalition with the private sector. In terms of investment volumes, centrality of location and the spatial as well as functional effects, the pro-growth toshi-keikaku type prevails, using, among others, special urban use zoning bonus and rules in order to steer private investments into centrally designated areas of a strong growth potential by offering closed-shop negotiations about FAR bonus between investors, the city authorities and the national government (cf. MLIT 2012).

## **Roots of the UR policy in Japan**

As urban policy in Japan is traditionally closely connected to the economic policy, the role of the Japanese state in the planning always remains strong (Hohn 2000, Feldhoff 2002). During the post-war period, the policy of so called „Japanese developmental state“ (JDS) followed by the Liberal Democratic Party (LDP), which was leading Japan nearly continuously between 1955 and 2009, was marked by a stable political-bureaucratic elite, strong enough to deter interest groups from undermining economic growth, a planning agency that guided relations between public and private sectors, substantial investment in mass education, equitable income distribution, economic intervention through market incentives and strong concerns with a

national security in the world order (cf. Johnson 1987 Fujita/Hill 2003, Fujita 2011). To a certain level, this policy was preventing from the peripherization of weak, mostly rural areas and the concentration of development and capital in the strong, mostly metropolitan areas, especially Tôkyô (cf. Seta 2002 & Sorensen 2011). On the other hand, the JDS was based on a strong Japanese “iron triangle” (Feldhoff 2002) consisting of selected members of the parliament, high subgovernmental and private companies management officers, who coordinated the national and regional development by steering distributive state investment incentives. (Tsukamoto 2012). Such system also continuously strengthened the agglomerations and industrial areas especially within the Japanese urbanization belt between Kantô (Tôkyô) and the North-Kyûshû, including also the metropolitan Areas of Aichi (Nagoya) and Kansai. On the other hand, it depended on redistribution to prevent peripherization and therefore to ensure stable and enduring political preferences in the rural areas which, within the Japanese voting system, were privileged in vote counts against the city population.

Even before the introduction of the UR policy, the Japanese planning policies and laws showed a long deregulation tradition led by the developmental state, especially when it came to urban redevelopment. In 1961, the Special Block System<sup>1</sup> enabled to redevelop city blocks into large super-block projects, reacting on the most development difficulty caused by scattered use and ownership, mainly contributing to the reshaping of central areas of cities by larger mono- and polyfunctional modern structures. Three years later, a first Incentive System was introduced, aiming on the claim for open space and infrastructure by providing bonus FAR in exchange for building setbacks. The bonus system was the initial direct step towards an incentive planning deregulation policy in Japan, which until today remained one of the most fundamental steering tools of the Japanese urban planning system. Together with the Urban renewal Law of 1969<sup>2</sup>, which regulated the replacement of previous structures by new using measures of ownership transfer, it allowed to reshape the urban area’s city structure by concentration of urban functions such as residence, commerce and services into large multifunctional buildings especially in the central urban areas. A Comprehensive design system<sup>3</sup> added the negotiate agreement on FAR bonus (Hohn 2000).

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<sup>1</sup> Kôdô ryô (行動用)

<sup>2</sup> Toshi saikaihatsu hô (都市再開発法)

<sup>3</sup> Sôgô tokku seido (総合特区制度)

## **Neoliberal Turn of the developmental state and Rise of the 2nd phase of the UR Policy**

The effective state spatial development policy system of the developmental state was affected by a number of economical influences since the 1970's such as post-industrial structural changes and the oil crisis, which led into a slowing down of the GDP growth on one hand and to the rise of the state debts due to continuing intensive redistribution policy on the other. This period marks the beginning of a gradual reorientation of the Japanese policy towards neoliberal economic measures (Tsukamoto 2012/2012a). The initial concept of the neoliberal policy shift in Japan was inspired by Raeganism and Thatcherism, introducing a neoliberal position of a weak and small state, allowing the market to act freely with only the less possible interventions. Such neoliberal thoughts as "travelling concepts" became increasingly influential among high-developed economies since the 1970's due to the late phase of industrialization and global competition, which put pressure on the national protective state policies. The very beginning of institutional infiltration of neoliberalism into the developmental state in Japan can be seen as the growing influence of the non-governmental level with the JAPIC (Japan Project Industry Council) in 1979, directly connected to the liberalization efforts backed up by shared beliefs of industrial stakeholders and the high policy individuals under prime minister Nakasone (1982-1987). It can also be recognized as one of the fundamentals of the bubble growth in the 1980's in Japan (cf. Sorensen 2012) and the first period of UR in Japan. Nakasone implemented an aggressive policy of planning deregulation and private sector mobilization in order to get the economy growth raised and the public debt of the still distributive developmental state lowered. The state a.o. sold publicly owned land in central areas in order to encourage private developers to invest. In 1988, the Urban renewal district plan was implemented in order to ease and force the redevelopment of such brownfields. The shift of the national plan strategies towards a „conception of cooperative network“ in 1987 marks the shift in roles of the central government, the private sector and the public during the first phase of the UR policy. However, this phase of development effectively came to the end as the bubble economy collapsed in 1990 and many projects ended up in debts (Seta 2002).

## **Rescaling of the developmental state by devolution of the governmental decision power and responsibility towards local level**

A further infiltration of neoliberal thoughts into the JDS organizational structures was led by the political turn towards neoliberal beliefs, which began to reform the Japanese governance system by normative guidelines. To achieve the goals of fiscal discipline, the Japanese governance<sup>4</sup> system was set to undergo a gradual shift from an egalitarian distribution pattern towards a strategic spatial and selective concentration of state support, and therefore to a large extent also of private investments into specific areas and fields. The rescaling (Brenner 2004) of the Japanese state was a gradual process, as there were strong resistances along the financial distribution on the subgovernmental level. Attempts to slim the government were already made by Prime Minister Nakasone in the 1980's, when he "applied 'small government' to control the LDP-bureaucracy subgovernments, mainly responsible for the clientelistic redistributive policy, in order to restore government efficiency. However, the subgovernments prevailed and continued clientelistic practices through the 1990's, which grew until 1995. Since the early 2000s, Prime Minister Koizumi (2001-2006) made frontal attacks on the subgovernments for a breakthrough" (Tsukamoto, 2012a), among others by cutting off financial sources by privatizing large national companies. A significant step in the urban policy was the devolution of state finances towards municipalities, a rescaling policy which replaced the central redistributive system, and the deregulation of urban land use in order to evoke local entrepreneurship. In the meantime, the emphasis was laid onto local self-sufficiency, based on public-private and non-profit sector, in order to strengthen the decentral welfare functions (cf. Tsukamoto 2012). Since 2003, Koizumi initiated laws which directly aimed on strengthening the self efficiency of local governments by significantly reducing tax payments to the national state by even stronger reduction of transfers from the state towards local governments. This led to lower incomes on the local level, which, in Koizumi's plan, was to be substituted by higher local taxes and better efficiency of the local government under the neoliberal premise of a „slim state“. As smaller and mainly rural municipalities faced extreme financial difficulties, a five year municipality merge program was introduced in 2004 (Kitayama & Ryu 2005). In the sum, weakening of the national subgovernmental structures and devolution of responsibility towards local government institutions can be seen as the main structural effect of the „Japanese neoliberal turn“, restructuring the JDS.

The second generation of the UR policy implemented since 2002 is fully conform to such measures. The local level of city administrations became

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<sup>4</sup> The governance terminus in this paper is used in the definition by Gualini (2001) as stated in Salet (2004, 9).

main actors and partners of the national government by decisions in negotiating and implementing of urban development projects for the price of a self-standing responsibility and competition. Aiming mostly on stopping the fall of land prices by stimulating growth in the construction sector, it first partly re-emerged in 1997 when new rules for construction of high rise buildings in city areas were promoted. But by that time, still struggling with the consequences of the bubble economy blast, the policy of activating the private sector, as a system originating in the 1980's, showed no significant effects (Izumi 2011). Also, the financial crisis did not allow to steer the growth policy by sufficient public financial supports any more. In this situation, the national government took initiatives to concentrate public investment into selected metropolitan regions based on the paradigm shift from a balanced land development policy towards a policy in favour of potent key areas within large cities, and to steer more by deregulating than public finance incentives. The decisive step towards an institutionalized UR policy was taken by Prime Minister Koizumi, based on an emergency economic plan. Deregulations in urban planning in GB, US and Germany and the designation of special economic zones in Ireland or China were taken into account when designing the UR policy (ibid.). Under conditions of fundamental differences between Japan and Asian states in levels of development on one hand and growth dynamics on the other, it was not possible to reach competitive advantages simply by raising national competitiveness of production. The challenge for Japan was not the national productivity and effectivity issue as such, but mainly the international and global competitiveness in the role of a high developed state, which it was loosing especially within East Asia as new young competitive economies raised. Under such conditions it was necessarily targeted on strengthening the forerunner role in highly specialized innovative fields, concentrated in specific areas of both innovation and space, where the potential to succeed is strong and the state directed incentives clearly addressed. In 2002, Koizumi enacted the UR Special Law, initially limited to 10 years, which focused on incentives by negotiable deregulations instead of public investments, including five main points:

- 1) Private investment in urban development was steered by the central government's UR Headquarter, founded 2001 and headed by the Prime Minister himself, towards 63 centrally designated Priority UR Development Zones in strategic locations of the leading Japanese cities and metropolitan regions. The concept strengthened the steering position of the central government against the gradual decentralization policy heralded already by the Urban Planning law of 1968 as well as the "watering-can principle" of redistribution by replacement with national policy which conformed and

targeted development steering towards the creation of internationally high competitive clusters of knowledge, culture, exchange and new industry.

2) Incorporation of previously informal procedures into the formal process of the negotiation and widening the palette of negotiating partners by incorporating the city governments into the process. This concept virtually legalized negotiations between the private and public sector within the process by giving them clear rules within the process, by the same time remaining “closed-shopped” and without a broader public participation. Negotiating became one of the fundamental tools in implementation of UR projects.

3) Within the Priority UR Development Zones, cities and private Developers were enabled to agree with the central government on the designation of particular projects or UR Special Districts, in which Exemptions of the planning laws, including especially the very significant extent of the FAR bonus (in Ôsaka up to 160 %), could be implemented on behalf of flexible negotiations between the city and the private sector. This further strengthened the city governments and the private sector in the UR process

4) By simplifying the urban designation rules, the final maximal reachable FAR bonus was set in advance of the negotiations in order to provide the private investors with planning reliability during the planning phase. Additionally, the administrative procedure was speeded up by a 6 months deadline for an urban planning decision in order to minimize planning risks, costs and negative effects of falling land prices for the private developers.

5) The abolition of the 1959 Location Control Law for Industry and Universities within the built up areas of the large metropolis of Tôkyô, Ôsaka and Nagoya in 2002 after more than 40 years opened the possibility for a re-centralization of know-how oriented institutions and new industries within the central urban areas.

These measures mainly aimed on fostering the international competitiveness of big cities by strengthening metropolitan gateway functions, building up international clusters of knowledge intensive and advanced industries, creating knowledge capes based on cooperation of private companies, universities and research institutes and improving the living quality of cities by reducing deficits of open and green spaces, providing high quality inner city housing and all kinds of urban amenities in multifunctional projects (Takahashi 2011, Izumi 2011, Kubo 2011). It was a policy of creating global hotspots which would be able to play a crucial role in bearing Japan's

competence by keeping the global pace in selected fields and areas of the hi-end industry and economy, functioning as an acupuncture revival strategy by “strengthening the strengths”. Due to high public debts, the role of the public sector shifted at the same time from a direct steering by an active participation in investments towards indirect steering by zoning, linkage policies, bonus systems, tax incentives and financial guarantees in connection with deregulations. The financing and implementation of UR projects was put in the hands of the private sector. It can be summarized that the UR policy in Japan remained to be „government-controlled“ and „corporate-made“ or „government-steered“ and „corporate-implemented“. At the same time, the power of local governments was further raised by the UR law, being strongly included into the interest triangle of state and private stakeholders. This shows a fundamental difference to the previous centralistic managed deregulation policies and therefore the first phase of the first UR of the 1980’s, and shifts the attention to the UR policy effects further towards the local and regional level.

As the driving decisional force remained on the national level, this policy did not affect the governmental power of the JDS as such, nor did it make subgovernmental structures disappear; it rather dissolved the subgovernmental political connections related to the redistributive functions by new selective local government partnerships, which were run under the self responsibility of the local governments and at the risk of the private sector (Okada/Yoneda 2011) without significant financial interests of the central government, especially when compared to the first UR phase, strongly based on the 3rd sector and PPP models. It led to a decentralization of the national subgovernmental redistribution power and responsibility for balanced development towards a decentral system of local responsibility, which was no more protected by redistributive financial measures of the central government, but dependent on local success within an international competition. The government steering and developer participation potential remained, but a new strong local governance base emerged, with an impact on the distribution of power between the former two and the strengthening regional prefectural as well as municipal level.

### **Urban renaissance under peripherization and centralization – the central Kansai region case**

During the first UR phase, led by the bubble economy of the 1980ies, the development of the central Kansai metropolitan region (Kinnai) was marked by decentralization of urban functions, mainly residence and additional

centrality functions such as office, entertainment and shopping, into the existing regional centres or new planned regional edge cities, flanked by enduring residential suburbanization. Accordingly, UR projects were dispersed in many areas of the metropolitan regions, respecting the still remaining structural and functional centrality hierarchy of the existing polycentric structure (cf. Todokoro 2000) on one hand and enlarging it by adding new locations such as of postindustrial waterfront and brownfield re- and development projects.

The focus of the second phase UR however brought a significant spatial and functional diversification within the metropolitan areas. First, together with strengthening the local governments since 2000, the communal law change of 2003 led towards a stronger competition in competence between the local and prefectural (regional) governments, as the prefectures had to give up a part of competences in common communal functions (Kitayama & Ryu 2005). Second, as cities in Japan savour a specific degree of independency from the national and prefectural government related to the number of inhabitants<sup>5</sup>, larger cities directly join the urban renaissance decisive triangle together with the investors and the national government. Only cities under 500.000 inhabitants are subordinated to the regional prefectural government. As will be shown under, the most important projects of the urban renaissance are situated in central metropolitan areas of large(st) independent cities. This makes it generally difficult for smaller cities and the prefectural governments to take a significant part in the metropolitan renaissance policy. Such situation is well visible in the polycentric Kansai metropolitan region, where 21 UR priority zones with a total of 1710 ha have been designated by the national government in three out of the six calls undertaken between 2002 and 2012 by the national government. Out of these, totally 1.341 ha lay in 9 zones within the three largest cities of Ôsaka (796 ha), Kyôto (225 ha) and Kôbe (320ha).

To understand not only the spatial, but also the functional distribution of the urban renaissance designated zones for the state steered investment politics, Hall's definition of a global city region (2001) based on networked archipelagos of global development helps to understand the globalizing centralization and peripherization of the polycentric Kansai city region in order to monitor, typologize and hierarchize the project sites. Hall comes up with definitions for geographic structures of globally acting polycentric metropolitan regions, formed in order to compete and be connected globally:

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<sup>5</sup> Seirei toshi; Designated City System (政令指定都市制度)

In the first urban renaissance call in 2002, four central locations in Ôsaka City with a total area of 490 ha were designated, including the very central Ôsaka Umeda station vicinity as (*defined by Hall*) the main *business center* of the city, including a 27 ha of enlargement brownfield area of a previous cargo rail yard. The area also included Nakanoshima island and the Midosuji Boulevard, both the most central and traditional *downtown center*. Four further locations in the Ôsaka Prefecture (total 188 ha) were designated, however, none of these bearing any global functions according to Hall's definition. The prefectural projects are located in the centres of regional cities of the metropolitan areas, bearing some regionally important functions, such as of transport node and new university location and apartment projects. The development of these sites were often planned long before, many of them, such as Sakai Station project, Sakai Bay project or Senri New Town centre project, as self standing edge cities in the context of the Kansai metropolitan region. The growth decrease after 1990 partly resulted into a centrality descaling of planned peripheral regional centres, which were also weakened due to the centralization strategies of the core cities due to the implementation of the UR strategy. This reaction, steered by the rising power of local governments of large independent cities under the centralization strategy of the Urban Renaissance law, enabled many central areas to functionally overtake their regional centres. As example, the Rinkû Town Airport City, situated next to the region's international Kansai Airport and planned as a new edge city during the 1990's, was on behalf of its strategic location and the role as a regional subcentre being considered to become Urban renaissance priority development zone, but then finally dropped according to its low potential for investment and far distance from the metropolitan core (Izumi 2011, Kubo 2011). Currently the role of Rinku Town degrades to a „background service area of the airport“ (Kubo 2011). The core of the Sakai Bay man made island industrial brownfield area, situated on the south border to Ôsaka on the way to the Airport and planned as a new regional edge city centre with a new town for more than 5000 inhabitants during the 1980ies and 1990ies, was designated Urban renaissance priority development zone (90 ha), but finally only developed as a regional suburban shopping and entertainment area neighbouring a new Sharp company hi-tech production site, which probably could be seen as in by Soja (1995/ 2000) – mainly because only production and not innovation oriented – as a geography of metropolitan restructuring of a technopolis, but not as an edge city. Also together with Sakai Ôtori Urban renaissance priority development zone, designated in the first UR call just after the plan to locate the Kansai Universal Studios regional entertainment area there was changed in favour of Ôsaka City (Toshikouzuokaikakukenkuyukai 2003).

2003), it shows a strong centralization process towards Ôsaka city: the Kansai Universal Studios were finally opened in the Bay of Ôsaka City in 2001, and Sakai Ôtori area was turned into a residential project, similar to many other large urban renaissance designation zones outside the Ôsaka city

UR Call	LA Authority)	(Local stakeholder status of	UR stakeholder status of	Zone/Project Area	ha	1st room global (Hall)	2nd room regional
Centralization and Peripherization by Urban Renaissance Policies in the Polycentric Kansai Region, Japan Jan Polivka, Uta Hohn, Etsuji Kiuchi, Frank Roost /Aesop 26th Annual Congress Ankara 2012							
1st 200 1	Ôsaka City	Ôsaka City	Ôsaka City	Umeda, Umeda North, Nakanoshima , Midosuji	490	<b>Downto wn Downto wn Business centre</b>	
1st	Ôsaka City	Ôsaka City	Ôsaka City	Namba, Abeno	57	<b>Specializ end subcentr e</b>	
1st	Ôsaka City	Ôsaka City	Ôsaka City	Cosmosquare Bay	154	<b>Internal edge city</b>	
1st	Moriguchi City	Ôsaka Prefecture	Ôsaka Prefecture	Moriguchi Dainichi	80		Housing and shopping
	Sakai City			Sakai Ôtori	25		
1st	Sakai City	Ôsaka Prefecture	Ôsaka Prefecture	Sakai Station	70		Regional centre housing, shopping
1st	Sakai City	Ôsaka Prefecture	Ôsaka Prefecture	Sakai Bay	95		Shopping and entertainment
1st	Neyagawa City	Ôsaka Prefecture	Ôsaka Prefecture	Neyagawa Station East	11		Regional centre university venue
2nd	Kôbe City	Kôbe City	Kôbe City	Sannomiya Station			Regional busines centre
2nd	Kôbe City	Kôbe City	Kôbe City	Port Island		<b>External edge city</b>	
2nd	Amagasaki centre	Hyogo Prefecture	Hyogo Prefecture	Amagasaki Station North			Regional centre housing, shopping
2nd	Amagasaki Bay	Hyogo prefecture	Hyogo prefecture	Amagasaki Bay			Brownfield reevaluation
2nd	Kyôto city	Kyôto City	Kyôto City	Aburanokoji		<b>Internal Edge City</b>	
2nd	Kyôto City	Kyôto City	Kyôto City	Kyôto Station South			Regional centre hotel and shopping
2nd	Kuze city	Kyôto Prefecture	Kyôto Prefecture	Brownfield redevelopme nt area			Shopping and entertainment
2nd	Nagaokakyo City	Kyôto Prefecture	Kyôto Prefecture	Nagaokakyo Station	8		Suburban develop <sup>1</sup> ment
4th	Takatsuki City	Ôsaka Prefecture	Ôsaka Prefecture	Takatsuki Station North			Regional centre

Table 1: The table shows that the designation of the urban renaissance priority development zones was mostly determined by following measures: local path dependency of the project, and - in case of the 1st round projects - a national strategy of global competition. There is no evidence of a regional balance policy and, with just very few exceptions, any redistribution welfare philosophy.

borders, such as the Moriguchi Dainichi brownfield redevelopment area (80 ha). As Rinku Airport Town did not prove enough vital force, the Abeno and Namba areas, one of Ôsaka subcentres located in the southern part of Ôsaka's downtown on the main train terminals to the airport, both designated UR zones in the first call, could strengthen their role of the city and region *specialized subcentres*, functioning as an airport entrance gate into the city and region instead of Rinku Airport town, and accommodating, among others, hi-end hotels, shopping and entertainment projects. On the other hand, within Ôsaka City municipal borders, the Cosmosquare Bay development area was designated an Urban renaissance priority development zone, strongly pushed by the Ôsaka metropolitan government and the Ôsaka Port and Harbour Bureau, even though it bore only low potential to become an *edge city (Hall)* due to its peripheral location and high land prices.

In the second call, only four projects in two zones in Kyôto City (225 ha) and two zones in Kôbe City (320 ha), the two second largest cities in the Kansai metropolitan region were designated, which marks the functional subordinate position of these two poles against Ôsaka City (796 ha and five projects) within the polycentric metropolitan region. According to Hall's definition, only one of the project zones of the second call takes the position of an archipelago within the region, which is the Kôbe Port Island project, functioning as an *external edge city*, a man made island re- and development by hi-tech and medicine cluster specialization, closely connected between the Kôbe Airport and the city centre. Just there it was able to effectively develop a global region archipelago outside Ôsaka city borders. An innovation hub became also the urban renaissance restructuring project Amagasaki Bay, located in the industrial by zone between Ôsaka and Kôbe, accommodating, among others, hi-tech productions of Panasonic, but similarly to the Sakai Bay, it is only limited on production without research and development functions (Kubo 2011, Yasuba 2011).

All other designations, including Kyôto city, and especially those of the third and last designation wave, including important further regional centres (Takatsuki, Senri Chuo and others, total 98 ha) within the imaginary triangle of Kansai regional metropolitan core area between Ôsaka, Kyôto and Kôbe centres, did not reach global but only a regional relevance, mainly as

additional suburban downtown housing clusters. Table 1 summarizes the classification of the Kansai Urban renaissance zones in two main groups: the specializing global regional city archipelagos (“First room UR zones”) according to Hall, and the regional archipelagos (“Second room UR zones”), which do not fit into the international target of the urban renaissance policy. There are effectively no fully-fledged global locations outside the Ôsaka city existing except of the Kôbe Port island, which is functioning as an external edge city (cf. Izumi 2011).

The “first room UR zones” areas are located in areas with a high distinctive development competence within the national and international competition, and therefore mostly in Ôsaka City as the largest cities of the polycentric Kansai metropolitan region. Further, they are located in Ôsaka’s city core areas selectively chosen as those with the best development potentials. During the first phase of the UR, under the basic conditions of the bubble economy, the location of large project was coherent to the premise of expansion, with a concept of subcentres within the metropolitan area. Within the cities, the waterfront redevelopment as a reaction on the structural change of the industrialized bay played a crucial role for both Ôsaka (Cosmosquare Bay project) and Kôbe (New Waterfront). After the bubble era since 1990, in the period of economic deprivation, Ôsaka city government adjusted its polycentric development plan towards a more centralistic system of one main central urban development axis of downtown and business area by skipping 5 out of 11 specialized centres between 1991 (OMG 1991) and 2002 (OMG

2012), and started, as many other cities did, to promote inner city living, mainly on behalf the new construction norms allowing high rise apartment buildings. With the exception of the Cosmosquare Waterfront area, Ôsaka City readjusted for only five most central areas during the first UR priority development zones call, skipping centres in peripheral locations. The city was about to centralize possibly most of development potentials into the centre in order to concentrate power to rebuild it under special urban renaissance conditions (Takahashi 2011). This induced massive investment of the private development sector in the city centre. However, as the economy power of Ôsaka is not growing, new developments started to compete with other existing locations, so critics see a threat of a real estate bubble (Koura 2011, Tôkyû 2011). Ôsaka started to welcome new redevelopment housing project in the city centre also in order to fill the evolving real estate market gaps (Takahashi 2011). Since 2005, after some decades of population decrease, Ôsaka’s inner city population begun to grow (cf. Ôsaka 2011). These investments can be seen as a reurbanization and centralization shift within the city and the region, as the main functions of the

metropolitan area are concentrated into the Ôsaka City borders, and within Ôsaka City, into the central „hotspots“ of the downtown, the traditional business centre and selected specialized subcentres. On the other hand, the peripherization of the outer zones occurs. The policy of centralization still continues: in the first call after the 2002 Urban Renaissance law validity extension from 2012 to 2017, a new *internal edge city* was included among the Urban Renaissance Zones at the beginning of 2012: the Ôsaka Business Park, a business cluster development from 1980's and 1990's first urban renaissance phase, located just next to the historical site of Ôsaka Castle.

As mentioned above, UR zones located outside large cities within the prefectures did mostly not aspire on a function of a global regional archipelago network of a national or international relevance during the second urban renaissance phase. Within the globalizing structure of Kansai metropolitan area, the „universal edge city“ concept related to the polycentric concept of the first half of the 1980's, where polyfunctional nodes were hierarchically sorted by their size and marked by a mutual interdependency and nourished by the suburban growth, was redeemed due to centralization into selected and specializing geographic structures which globally act within the polycentric metropolitan region (Hall 2001) by a new hierarchy. This hierarchy is based on relation to selected global nodes instead to the hierarchy of the polycentric network. This shift resulted into a peripheral role for the metropolitan region centralities: On one hand, they were not able to reach global hot-spot status, as it was reserved for the few most potential central areas within the premium centralities. On the other, the development shows a specialization on secondary functions such as housing and local supply functions, instead of functional diversification, which can be found within *downtown centre* and *business centre* urban renaissance projects in Ôsaka (cf. Hasegawa 2011, Kubo 2011, Yasuba 2011). Only two of 11 regional UR project zones actually became a place of innovative functions such where university or research venues have been realized. As many “second room” projects show a strong path dependency covering a large scope of individual characteristics, their participation in urban renaissance was most likely used as a „free rider effect“ and remained therefore strongly embedded in the local context than to reach national or international effects (Hasegawa 2011, Konishi 2011, Yasuba 2011). Their implementation stands for a path dependency of „regional spots“, based on the traditional regional hierarchy. Partly, the urban renaissance area status was an incentive compensation for projects already planned under the first UR phase of the 1980ies, still led by a comprehensive polycentric network strategy, which did not come out due to the decreasing growth power of the region since the 1990's (cf. Kubo 2011). This relation also explains how the centralization of

the global regional functions into a few strong areas, mostly located in the Ôsaka City centre, led into a graduate peripherization of the regional centralities since the the 1990's. A significant example of the peripherization and "free-rider effect" shows the refurbishment of the Senri Chuo New Town city centre located within the northern part of Ôsaka city urbanized area in the administration area of Ôsaka Prefectural government, which during the 1980's and 1990's was planned to become one of the regional edge cities, inhabiting also office building and research clusters. Since the 1990's, as back offices of many companies were abandoned due to rationalization and economy measures, it became loosing its role as an administration location. The development of new office space capacities in Ôsaka city centre further accelerated the diminishing of the office function from peripheral areas of the polycentric metropolitan area (Toyonaka 2011). The prefectural government as the owner of still vacant building lots in the central area made the local city authority to join the fourth Urban Renaissance priority development zones call in order to rise the own profit by selling the prefectural ground. The city joined the call, but finally did not make use of the possible high UR related FAR bonus in the planning permission, arguing that the local community and functional mixture would be affected by the potential mass of high-rise housing projects (Hasegawa 2011, Kubo 2011).

From the regional point of view, the shift towards a new regional geography of centralization an peripherization from 1960ies until the first two UR phases can be reinterpreted by Todokoro's explanation of regional nodal structure development phases in the Kansai Region (2000). It marks the development of metropolitan network structures from the city hierarchy towards a city network in four phases, where the fourth phase (1985-2000), covering the late first UR phase, is characterized by strong and equal interactions between all levels of centralities. By the centralization policy of the third phase based on the Urban Renaissance Law since 2002, there is a shift in the region's nodes hierarchy. If further developed on behalf of Todokoro's thesis, the new selective connections between the networked archipelagos of global development according to Hall (2001) and Soja (1995, 2001) became to overlay the existing spatio-hierarchic connections after 2000 (ibid.). This structure not only copes with the urban renaissance zone hierarchy, it also shows the strengthening role of global arenas within the polycentric geographic structure of Kinnai, located mostly in the central areas of the largest cities, mainly Ôsaka as the main economic hub, and some selected specialized centralities within the Kinnai central regional area. Most of the areas of the previous hierarchy based on traditional measures of size and distance are after 2000 experiencing peripherization if related to the

previous traditional regional functional distribution patterns of the Todokoro's large-middle-small city hierarchy.

### **Regional concepts of a new governance structure**

The centralization and peripherization within the Kansai region have been influential to the regional governance policy. Regional organizations in the larger Kansai area (Kinki) were since 1965 when they started to issue Basic Development Plans for the Kinki Region, introducing own planning concepts tied up in accord to the periodically issued five national Development plans between 1962 and 1998. They were defining and providing detailed standards for the Suburban Development Areas, the Urban Development Areas and the Conservation Areas in order to reach a balanced development of the whole region (MLIT 2012, 2012a). Though focal points have been changing during the decades according to actual situation in economy, demography and land use trends, the issue of regional disparities and especially the widening gap between Ôsaka/Kyôto/Kôbe city cores and other areas on one hand and an equipoise to the trend of the relative weakening position of Kinki in a unipolar concentration of the national economy and central functions on the national and international main activity arena of the Tôkyô metropolitan area. Since 1978, proposals on improvement of vital force and catch up with internationalization and informatization on the other can be traced in Kansai. The influential "Subaru Plan", issued 1987 as an alternative plan against concentration in the Tôkyô metropolitan area, envisioned the "creation of an international economic cultural zone" within *the whole* area, proposing a multipolar distributed polycentric structure, conform with the expansion planning of the first UR phase during the bubble economy era of the 1980ies. For its realisation, three strategic project families were designated: 1. international exchange urban zone with the Kansai International Airport as a core, 2. Pioneering economy zone for cooperation with Asia and the Pacific areas, 3. Creative cultural zone of Kansai Cultural and Academic Research City (Keihanna gakkentoshi). The core projects of Kansai decentrally located projects of International Airport and Kansai Cultural and Academic Research City were opened in 1994. The heritage of the Subaru plan lies underneath the designation of the core area of Techno Port Ôsaka, founded in 1987, the Cosmosquare, as an UR priority development zone. The plan also directly pointed out the decline of industries in large cities in the south and north extremities of the Kinki region, which was already hit by the peripherization phenomena (City of Ôsaka 2000/2012).

The comprehensive regional planning for the Kinki region, targeted on developing the area as one polycentric global city, was evidently not directly conform with the spatially selective second UR phase policy of 2002. On the regional level, this policy opened a gap along the centralizing and globalizing Ôsaka City area and the spatially widely defined and peripherizing Kansai region. This gap became visible on the level of institutional governance mainly by the growing endeavour to establish an Ôsaka metropolitan prefecture during the first decade of the 21<sup>st</sup> century, as well as the foundation of the Union of Kansai Governments in 2010. For the former, Ôsaka City and the Ôsaka Prefectural Administrations proposed a plan for a larger than City government structure, which would more likely include the whole area of Ôsaka prefecture and so create a centralized metropolitan area, which until now was applied exclusively for Tôkyô. The idea of Ôsaka as a metropolitan government entity reaches back to the beginnings of Japanese modern state in the 19<sup>th</sup> century, guiding the city's enduring endeavour to replace the national monopolar centrality of Tôkyô by a bipolar system of Tôkyô and Ôsaka. After WWII, the graduate system of city independency on the national prefectural government relating to the number of inhabitants was established and conflicts decreased for some time. However, since the Ôsaka metropolitan area grew together on both city and prefecture territory during the 1960's and 1970's, challenges of overlapping administration came up again. Since then, Ôsaka city was proposing a merge into a metropolitan prefecture. The reason why this issue became highly actual again during the last decade, was nothing less but the stronger decentralization endeavour of the 1990ies and of the Koizumi national government since 2001, which started a significant devolution of planning competences to the regional and municipal levels. By changes in the City Planning Law in 2000, the decision-making powers of the designated cities were strengthened especially in fields of urban redevelopment and infrastructure or zoning. A majority of urban decision-making powers shifted from prefecture to the Ôsaka city. Together with the UR policy it provided significant moves within the regional governance structure and enabled Ôsaka city to draw functional centralization on regional level as a strategy against its peripherization on the national and global level, also in order to accumulate growth power and to stop the economic outflux, which made it permanently weaker against Tôkyô's unbroken prosperity and global connectivity.

On the other hand, the Union of Kansai Governments became an official regional government in 2010 (by now the biggest regional administrative unit in Japan) by the National local government law, functioning as a special regional administrative unit. Its Kansai development strategy issued in the

same year replaced the official regional development plan. It was the first approach for an extended association bringing different prefectures together in Japan. Its foundation was strongly supported by the Kansai Economic Federation, representing the heads of the most important private companies in the Kansai region, also strongly lobbying for the implementation of a new federal system in Japan. This alliance shows a respectable political strength not only because of the long industrial tradition of the Kansai region, but also on behalf of the relatively weak regional political voice of Kansai, typical for polycentric regions if compared to the metropolitan policy of the monocentric Tôkyô capital region. In the process of current national decentralization, the Union overtook competences devoluted from the national level. On the regional level, it acts towards a decentralization strategy through a thematically focussed administrative cooperation within the region in order to prevent peripherization (The Union of Kansai Governments 2011 & 2012, MLIT 2012).

### **A third phase of urban renaissance**

Paralelly, a third period of urban renaissance policy has started by the revision of the urban renaissance law in 2011 and its extension till 2017. The 11 so called “*Specified UR Priority Development Zones*” were designated, covering an area of 3,396 ha in 7 cities. Highly visible is the reconcentration of urban renaissance policy towards Tôkyô, where 75% of the designated specified area is located. In contrast to that, in the whole Kansai region only two zones were designated, situated in Ôsaka city and including the previous UR Priority Development Zones in Ôsaka Umeda (*downtown centre*) and the Ôsaka Port Town Cosmosquare area (*internal edge city*). By that means, the centralization of Ôsaka becomes even more evident. Those zones shall be successfully positioned in the competition with Asian cities like Shanghai, Hongkong, Singapore or Seoul. Beyond that, the revision of the UR law has led to an even more speeding up the urban planning decision process and to a continuation of the development path of deregulation (MLIT 2012).

However, besides the updated UR policy, a new economic promotion policy based on the new growth strategy of 2010 and linked to the designation of seven so called „comprehensive special (economic) zones“<sup>6</sup> in 2011 becomes important: In 2009, the Japan democratic party, ruling Japan since the post-growth period, was released by the Democratic party of Japan, which established a New Growth Strategy in the following year. Among 21 national

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<sup>6</sup> Sôgô tokku (総合特区)

projects, it includes a “Comprehensive special zone system”, which even closely connected the existing urban renaissance sites with the national strategic economic promotion policy, based on a “selection and concentration of resources on areas with potential international or local competitiveness”. The system is not based on FAR bonus and exact geographical hot-spot determination, it rather works on tax reliefs and comprehensive fiscal and financial support for innovation clusters (PM 2012 & 2012a).

This current developments can be characterized as a Third phase of the UR in Japan, which shifts from physical to a more thematic-oriented regional intermodal connectivity among a selected mixture and interaction between strategic functional and physical urban renaissance zones and projects; next to the Hall’s global city region polycentric geographic structures, based on networked archipelagos of global development hot-spots, a non physical, thematically highly specialized network areas emerge, connecting the fragmented archipelagos of the existing UR priority development zones of all three UR generations with knowledge hubs such as the Kansai Cultural and Academic Research City. Doing so, it may contribute to a further diversification of the Kinnai regional landscape, creating centralizing node hubs of global prosperity and peripherizing areas situated not only on outskirts, but also in between and in a direct proximity of future prime centrality nodes.

## **Conclusions**

The paper shows a change between the three phases of the UR in the Kansai region in connection to the relevant changes in national politics as well as the development and regional planning policies by marking implications on the strategies to steer distribution of urban development investment on the example of the polycentric Kansai area. Regarding centralisation and decentralisation, three phenomenons can be stated:

1. The UR Policy in Kansai is instrumentalized in order to profit from decentralization on the national level and to prevent peripherization of Kansai on the national and international level on both spatio functional and governance level.
2. There is an evidency of changes within the regional polycentric hierarchy of the region’s centrality, including the (re-)centralisation of Ôsaka City and Prefecture on behalf of large UR projects, in order to gain international competitive power in East Asia, a national competitive power against Tôkyô, and a regional competitive advantage against other centres of the polycentric area.

3. On the regional level, further peripherization is being prevented by regional cooperation within the large polycentric structure on the Kansai regional level.

During the first UR phase, an equal polycentric understanding of the region based on a redistributive policy of the JDS national government, regional development plans and the necessity to redistribute investive tensions by decentralization of urban functions, mainly centrality and housing. This led on one hand to a continuous urbanized area expansion, an equal strengthening of existing regional centres and establishing new subcentres in transforming areas, such as waterfront, airport hubs or new science, research and development parks. Areas of functional peripherization were mainly recognized in larger peripheric locations.

During the second UR phase, the national redistributive policy slowly turned towards the policy of “strengthening the strengths”, aiming on less support for redistributive spatila and economic equality and more on national and international competition in qualified, selective, high specialized fields by designation of UR priority development zones. In the Kansai regional area, the competitive situation between centralities and region led into a concentration of crucial economic functions in selected super-central urban or technology “hot-spots”, which took over the polycentric hierarchy system of the industrial era, and became a multipolar system with specialized centralities.

In a third phase of the UR since 2002, a further centrality layer is being added, based on even stronger centralization by an updated UR national policy, further focussing on the main central areas, especially in Ôsaka city as the largest metropolis of the region. In order to institutionalize its centralization efforts, Osaka City and Prefecture endeavours to merge into a larger and even stronger entity (“unique we are strong”). Similar tendencies, in order to protect from peripherization, can be recognized by other large, regional and smaller cities due to growing competition atmosphere. Regional stakeholders however react on peripherization by institutionalizing decentralization efforts through the establishment of new regional governance entity (“together we are strong”) in order to strengthen the regional horizontal interdependence and so to meet profits from further decentralization efforts by the national government.

Since 2012, the new national government program marks a further spatio functional focus, based on the creation of thematically specialized economy condition zones or clusters. Geographically, they include broadly designated areas less spatially focussed than the UR policy, as the functional thematic

cluster connections are in focus. According to this, the hierarchy of the centralities and peripheries may even more differentiate in the future by creating more thematically and less spatially defined centrality networks.

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