Editorial

Changing JAEG

The aim of English edition of the Annals of the Japan Association of Economic Geographers (JAEG) is to provide communication between economic geographers in Japan and overseas on various research activities as well as information about the changing economic geography of Japan. First published in 1954, the Annals is the journal of Japan’s premier academic association in economic and social geography, and is the leading publication in the field. Regrettably, Japanese economic geographers have not always participated actively in international academic forum, and few study results by Japanese economic geographers has been translated into foreign languages, although the rapid growth of Japanese economy and the Japanese production systems have received a great deal of international attention. The Annals also is no exception. In the past five decades, few articles and notes in English are published in the Annals. In contrast, many reviews of foreign books have been published in the Annals, academic output by economic geographers in overseas has been translated into Japanese. This contrasted markedly with the trade balance of excess of exports over imports in the Japanese economy.

In new millennium, JAEG felt the need to internationalize the Annals, and made a decision to contribute international research and discussion. In order to achieve it, we set out following three programs. First, the last year we launched a new feature entitled “International Forum”, which aims at fostering information exchange between economic geographers in Japan and overseas on various research activities and conference reports worldwide. Second, this year we made a decision to appoint some members as a newly established Advisory Committee, which intends to expand the scope and coverage of the journal with active international participation. Three economic geographers in overseas already take part in the Advisory Committee. And third, we are planning on publishing an English edition of the Annals every two years to stimulate international communication among foreign economic geographers.

The 1990s: the “Lost Decade”

The special issue is a critical agent that the Japanese economic geographers have to challenge recently. The Japanese economy has departed from previous growth track since the 1990s, and has proceeded to an unprecedented path toward economic revival. In the face of economic difficulties, many enterprises have gone about the task of the real restructuring. The Japanese government has adopted the fiscal spending policy more than ever on the one hand, has promoted structural reforms of economy on the other hand. The restructuring has not always brought about the regeneration of enterprises. Policies adopted by the government have repeated a failure. It is the reason that the 1990s are called the “lost decade”. The Japanese economy approaches a serious transformation. The spatial systems of industries and the economic landscape that had been accompanied by the previous economic growth are in the middle of transformation. The transformation is significantly different from the previous experience and brings about the new spatial and regional problems.

The Japanese economy has confronted two turning points after the rapid economic growth: the first oil crisis and the Bubble Economy (1987-91). The postwar reconstruction work aimed at establishing a system of national economy in order to grow
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The economy rapidly. The result of work was the astounding rapid growth of Japanese economy from 1955 to 1973. Systems in various fields established in this time after the postwar reconstruction have formed the foundation of contemporary Japanese economy that is faced with negative effects of the system. The bases of today’s Japanese economic landscape also had been formed in this time: a concentration of industries and people in the Taiheiyō (Pacific) Belt from Tokyo to Fukuoka.

The first oil crisis made alterations to the accumulation regime of the Japanese capitalism. The growth rate dropped off severely. In retrospect, however, the transformation of Japanese economy in cope with the crisis was minor changes. The Japanese economy got back to a growth track, only shifted from rapid growth to staple one. If anything, the Japanese industries such as automobile and electronics increased the international competitiveness in the worsening economic climate. The corporations in their industries streamlined their managements in order to cope with the shift of the accumulation regime. Above all, they sophisticated their production systems, which were the Japanese production system watched worldwide. The spatial concentration structure being accompanied by the rapid economic growth moreover shifted to a higher concentration of all functions in the Tokyo metropolitan area.

A collapse of the Bubble Economy is significantly different from previous turning point. The Bubble Economy in Japan had caused from the speculations of land and stock prices between 1987 and 1991. The collapse of the bubble as well as the rapid appreciation of the yen (strong yen) after the signing of the 1985 Plaza Accord changed by root the accumulation regime had been the mainstays of growth track support. Addition to excess liabilities for debts that were accrued by the collapse, excess staffing and excessive production capacity have hang heavy many leading companies and industries in Japan. Strong yen have decreased exports and brought about the shift of productions of the Japanese manufacturers from inland to Eastern and Southern counties. The Japanese economy considerably departed from previous growth track. Systems for rapid economic growth have become economic deadlock of themselves. It has revealed that rational systems under certain conditions are not always reasonable under other conditions.

Many enterprises in Japan have faced unprecedented management difficulties, and entered upon the real restructuring of all functions in their managements. The Japanese government adopted the fiscal spending policy more than ever in order to get the economy back previous growth track. The ballooning and enormous budget deficit, increasing by half time of gross domestic products (GDP), has only stay behind. After the end of 1990s, Japanese enterprises as well as the government expected that information technology (IT) bubble becomes to prime the new economic growth. As we have seen, the bursting of the IT bubble, however, was false to the prospect. The Japanese economy has taken weaving course in search of new orbit, facing numerous problems requiring urgent solution such as a number of dangerous debts and credit, the ballooning budget deficit, and finance turmoil. The transformation of Japanese economy has pressed for the reorganization the spatial systems of industries as well as economic landscape.

The Topics

It is impossible to take up all functions and sectors of the economy in special issue. Since this edition is the first publication as the English one, we make choice industries that have effects on economic geography in national scale, not regional or micro scale. In this English edition, we approach four industries: the manufacturing industry, the distribution industry, agriculture and the construction industry. Either industry has taken important part of the reorganization of spatial systems of industries and the economic landscape in the “lost decade” as well as the time of rapid growth track.
The topics in the manufacturing industry are globalization and hollowing out. If globalization means the internationalization of trade, the Japanese economy has continued to experience it since the last decade of the 19th century. However, the globalization since 1980s is significantly different from the internationalization of trade, and is characterized by foreign direct investment (FDI). The relationship between globalization and hollowing out in the manufacturing industry is a very interesting topic. Togashi focuses on the theme. With reference to the structural transformation of the Japanese manufacturing industry in the context of globalization during the 1990s, he examines the locational and spatial changes occurring from the current restructuring of industrial systems. Though comparison with experiences of U.K. and U.S., he concludes that the result of locational and spatial changes in the 1990s is not the one-sided hollowing out, but uneven development in the level of both corporation and region. I hope that his study sparks up debate on deindustrialization again on the base of the Japanese experiences.

An advance of IT caused from rapid development of IT industries has transformed not only the other industries but also our life styles. It is just IT revolution. In Japan, we have seen the processes of revolution in all spheres of economy since the second half of the 1980s. Above all, IT has had a large effect on distribution systems as a whole including ones in the manufacturing industry. Hashimoto focuses on spatial restructuring of the distribution systems with “informatization”. The term “informatization” may be unfamiliar for readers of Western countries. It seems to be literal translation in English of “jyouhou-ka” in Japanese, meaning just about IT revolution. In many cases, “informatization” emphasizes aspects affected by IT revolution. Hashimoto characterizes the changing distribution systems after the introduction of POS system as following. The power shift in favor of chain stores and the decrease of small-scale retailers have brought about changes in the production and shipping systems of manufacturers. Production facilities have been more centralized as means of sustaining multi-product productions. Functions of business strategies and negotiations in big chain stores have shifted from regional branches to the upper level of the organization. Such changes transform spatially corporate organization, at the same time is likely to have a major impact on the growth strategies of cities. There is no doubt that elaborate studies by Hashimoto carry forward a debate on spatial systems of industries effects of IT revolution.

The agricultural and related industries have remained influential ones in the Japan's rural areas, except for the metropolitan areas. Increasing demand for agricultural products by expanding metropolitan areas, technological changes and changing consumer behaviors have transformed the Japanese agricultural and related industries. Araki, on the basis of concept of food supply system by I. R. Bowler et al, employs the framework of a food system to comprehend today's agriculture as a single system including all stages from the agricultural and related industries to consumption. From the viewpoint, he affirms definitely that the traditional agricultural geography, only focusing on agricultural production, could no longer tackle contemporary agricultural problems. He points out that the Japan's food system bring about two regional gaps. The first is regional gaps between metropolitan areas and local areas, including differences in wholesale prices and in amount supplied of higher value-added commodities. The second is regional gaps of agricultural production widening between large shipping centers and small centers. His perspectives shed new light on the Japanese agriculture.

Under the centralized spatial structure, the Japan's rural areas, especially the peripheral Japan, have declined excessively population. The construction industry as well as agriculture has supported the regional economies in their under-populated areas. It is public investment expenditure with the fiscal spending policy that has rapidly expanded the
Construction industry in the areas. The expanding industry enables the peripheral Japan to lower relatively the rate of unemployment, although the problem in definition of unemployment in labor force statistics remains in Japan. The Japanese construction industry has some inexplicable mysteries such as structural collusion involving the political, bureaucratic and business communities. Kajita focuses on the nature of the industry and the political and spatial implications in evolutions of public investment expenditure in the 1990s. He concludes as follows.

After the collapse of the Bubble Economy, Japanese construction companies faced industrial restructuring not only as a result of recession and a public construction expenditure decrease, but also because of institutional reforms and rapid permeation of IT. The previous restructuring of the industry could be seen as "delayed" by the Bubble Economy. Japanese construction industry is now in transition from a specific industry, characterized by specific customs, strong regulation and political protection, to a standard industry through deregulation and open competition in tendering and subcontracting. His study on the field that has not focused on so far despite a key player sheds new light on economic landscape in the rural Japan.

Into the Future

I hope that the empirical studies we provide through this edition spark up debate on various researches, and theorization on the spatial systems of industries and economies makes day-to-day progress in special consideration of the Japanese experiences. As already mentioned, we are planning on publishing an English edition of the Annals every two years. In next edition, we will approach other fields that were not taken in this edition, stimulating international communication.

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