Toward a Theory of Indigenous Development for Hokkaido

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Abstract

Ideas about the indigenization of foreign enterprise, technology and migrants in newly independent countries are applied to socio-economic policies of a hypothetical Republic of Hokkaido. Though a secure part of Japan, Hokkaido is distinct from the rest of Japan in so many respects that some people see in it an identity which cannot be fully subsumed under Japan's without gross injustices to Hokkaido. Sovereign Hokkaido is a logical extension of Hokkaido's uniqueness. This paper explores what Sovereign Hokkaido may do to indigenize its people and economy that it inherits from Japan's Hokkaido.
"Indigenous" development is an unusual topic to discuss in relation to Hokkaido.¹ Since Hokkaido is a secure part of Japan and the Hokkaidoites are bona fide Japanese, anything we say about Japan must automatically include Hokkaido. Why should we factor out Hokkaido from Japan and make it a unit of analysis with policy implications which might conflict with the role of Hokkaido in Japan? Why do people speak of "economic independence" (Keizai jiritsu) of Hokkaido? Is economic independence attainable without a larger framework of full sovereign independence? Tangled thoughts and feelings surround the notion of independence. To simplify the issue, it may be that the desire for "independence" springs from grievances (looking for outlet and restitution) with the ways in which Hokkaido has been and is a part of Japan. It appears that "independent Hokkaido" evokes nice, warm, furry feelings. A bit of indulgence in these feelings in a frigid, snowy, wind-swept frontier like Hokkaido (as Hokkaidoites are fond of characterising Hokkaido) is certainly healthy. But will Hokkaidoites go an extra mile toward real independence in theory, strategy, and action?

For decades, the Japanese government seated in Tokyo has encouraged mainland Japanese to emigrate to Hokkaido by a variety of measures and inducements designed for a rapid colonization of initially sparsely populated Hokkaido. The basic image of Hokkaido in the Japanese government's land utilization policy even today is no different from that
which characterized the initial colonization policy: i.e., as a wide open space with potential ability to absorb more people. Its current population is 5.6 million, far smaller than envisaged in the latest major Hokkaido development plan made in Tokyo thirty years ago. For practical purposes, however, Hokkaido is now thoroughly settled with room for a conventional style of colonization reduced to zero. The raison d'être of the Japanese government's unilateral and centrally directed Hokkaido development policy has in principle disappeared. But the institutions, procedures and habits of thought and action bred of decades of colonization efforts and colonial administration under Tokyo's direction are still in force. Hokkaido development is remotely controlled and directed by the Hokkaido Development Agency (a sub-ministry unit of the Japanese government) in Tokyo. This Agency may respond to political pressures at the national level, but has no obligation to be directly accountable to the prefectural government of Hokkaido or responsive to popular demands in Hokkaido. In the face of the Japanese government's traditional conception of the role of Hokkaido-in-Japan, which naturally prioritizes "national interest" over Hokkaido's "local interest," Hokkaidoites have no choice but to bend their wishes and decisions to please Tokyo and accept leadership in the definition and promotion of what is good for Hokkaido. This unequal power relationship between Tokyo and Hokkaido appears in many flagrant forms when seen at the level of Hokkaido government and generates a sense of powerlessness on the part of Hokkaidoites in running their own affairs according to their preferences.
Though overshadowed by the "national-interest view" of Hokkaido's role in Japan, there has nevertheless been a strong intellectual tradition in favor of various kinds of independence from Tokyo's domination among a small number of Hokkaidoites. An illuminating discourse on this tradition is offered by Professor Ishigaki of the University of Hokkaido.\(^2\) "Independence" is of course a relative concept. It ranges from the usual notion of local autonomy which disturbs no one to a separate sovereign state of Hokkaido independent of Japan, with many intermediate arrangements of home rule in between. A phenomenon that is potentially most pernicious if seen from the perspective of Tokyo-centered national interest is the active Northern Regions Movement which purports to reject "southern" Japanese culture as unsuitable for Hokkaido and to look for and invent a different way of life specifically tailored to a frigid, snowy, wind-swept country of the north that is Hokkaido. While the Japanese generally dread the long, harsh winter of Hokkaido, Hokkaidoites claim to love it. This graphically illustrates how different Hokkaidoites are from Japanese. It also implies why Hokkaido should be a different country from Japan, although no one has yet voiced it so clearly, perhaps in deference to the authorities' sensitivity to such rebellious concepts. Instead of looking toward Tokyo for cultural leadership, Hokkaidoites increasingly argue that more adequate lessons should be found in the northern countries like Canada, Scandinavia, Poland, Russia, Northeastern China, etc. This notion has lately produced active exchanges of persons, sister-city arrangements, a spate of study tours between Hokkaido and these countries. International conferences are regularly hosted in Hokkaido bypassing Tokyo.
So far, however, one has heard nothing about Tokyo's crackdowns on the Northern Regions Movement.

"Cultural independence" from Japan has a certain radical, separatist ring to it. For this reason, newspapers like the Hokkaido Shinbun obviously relish it. A more moderate notion of "economic independence" alarms no one. But the power of this notion to mobilize Hokkaidoites' enthusiasm seems to suggest that something more than "economic" is embodied in the concept. In fact, "economic independence" is supported by an indictment of Tokyo's traditional policy. For example, it is not unusual to hear some Hokkaidoites say that the Japanese government has foolishly wasted enormous resources to promote a wrong development policy in Hokkaido, producing a dependent colonial economy incapable of standing on its own feet. Ironically, more resources are needed to rectify the distortions wrought on Hokkaido by the past mistakes of Tokyo and the proponents of Hokkaido's economic "independence" expect Tokyo to give them the needed resources to make Hokkaido economically independent. Unfortunately, political logic is likely to backfire. In Tokyo, one gets the distinct impression that the national politicians and ministerial bureaucrats dislike the concept of Hokkaido's economic "independence." They indicate that they would rather like to hush the talk of "independence" by buying it out with some more money (to be used to keep Hokkaido dependent!). This leads to the ultimate irony that the more help Hokkaido needs for economic independence, the more intent Tokyo becomes on keeping Hokkaido dependent.
Various partial concepts of independence seem to need an integrating principle if they are to avoid discordant developments which may subvert the common goal of all-round independence. This integrating principle cannot but be Hokkaido as a state enjoying full sovereign independence. This may be taboo in Japan's Hokkaido even as a rhetorical exercise. Hokkaidoites love to talk of jiritsu but fight shy of dokuritsu, although in English both amount to the same thing - independence. But the unwillingness to postulate full independence first and deduce lesser specifics (like "economic" independence) from it seems to be the root cause of so many arguments for partial independence (jiritsu) going astray without yielding a clear view of what Hokkaido is like upon the attainment of this or that kind of independence. Hokkaido has a distinctive geographical identity. Its population matches that of smaller but respectable European countries like the Nordic states. Its per capita income, which is equal to Japan's average, represents reasonable economic power. A conceptual experiment to liken Hokkaido to an independent sovereign state poses no analytical difficulty once the initial psychological fear of suspected separatism is overcome. Quite apart from the question of whether or not Hokkaido should be an independent sovereign state, one can at least probe the costs and benefits of Hokkaido's hypothetical sovereign status. If it is shown that benefits are arguably larger than costs, the awareness of this possibility will be a help for a movement for independence.

Sovereign Hokkaido

As a point of departure in our quest for the indigenous development of Hokkaido, we now postulate full sovereign independence for Hokkaido,
while assuming for the moment that other things remain constant. For example, Sovereign Hokkaido is economically still as dependent on Japan as before. Then the question for Hokkaido as an independent state is how to use its newly acquired sovereign rights to formulate and implement appropriate international trade, aid, and investment policies for purposes of more indigenous development. This requires negotiations with Japan (now a foreign country) over the terms of the two countries' bilateral relationship.

Rich international experience is available on this matter. Sovereign countries can choose any degree of intimacy in their relationships through negotiation on the basis of their respective perceptions of gains from the chosen relationships. Well-known arrangements range from autarkic isolation to full integration. Between them, there are arrangements like protected trade, fully open free trade, a customs union, a free trade area, a common market, and an economic community. These are relationships that equally sovereign nations can freely choose. Pre-independent Hokkaido was fully integrated with Japan, though on terms not of their own choice. But Sovereign Hokkaido, because it is equally sovereign with Japan, can have a lot of clout with the kinds or qualities of Hokkaido-Japanese relations in all aspects of life. The essential difference between pre-independent and Sovereign Hokkaido is the vastly increased scope of freedom to choose that sovereignty confers on Hokkaido with the help of international law.

The various arrangements mentioned above are listed in the order of freedom and openness of trade flows, factor movements, and institutional harmonization. For example, factors do not move between countries under
the conventional regime of free trade. But they are expected to move freely within an economic community. Various institutions and regulations are also harmonized so that mobile factors enjoy equal opportunity and protection, as the degree of integration between countries increases. On the other hand, countries may choose to consider and implement different degrees of integration in each area of relationship. There is, for example, an optimal mix of trade protection and capital movement, while barring the movement of labor, that a country may choose for the maximization of its own national interest.

Pre-independent Hokkaido traded predominantly with Japan. It was also wide-open for Japanese direct investment and too tightly closed for investment from other countries. But it was increasingly realized that the unbridled openness of Hokkaido to Japanese investment had not necessarily resulted in an economic or industrial structure Hokkaidoites today approve of. Sovereign Hokkaido surely wants to correct these distortions by diversifying trading partners and sources of foreign capital and investment. For this purpose, some carefully thought-out industrial policy is indispensable. Pre-independent Hokkaido suffered from chronic deficits in its balance of payments in trade with Japan. These were covered by subsidies, transfers and other Japanese government expenditures in Hokkaido. These fiscal transactions between pre-independent Hokkaido and Japan included a long list of activities that Sovereign Hokkaido would wish to indigenize such as the outposts of the Japanese government ministries, Japanese public corporations (for example, Japanese National Railroads), state-run educational institutions (Hokkaido University above all), etc. The Hokkaidoization of these
institutions and activities cannot be achieved over night. But one can safely assume that Hokkaidoites are already well enough experienced in the art of administration for an efficient transition.

A successful indigenization of the pre-independence fiscal transactions with the Japanese government will make the deficits on the current account all the more glaring. In fact, it is already well recognized that Hokkaido's interregional debt within Japan, if made explicit as international debt by making Hokkaido independent, would instantly bankrupt independent Hokkaido. Curiously, this fact is used both as an argument in favor of the need for "economic" independence and as an argument against "political" independence. The seeming contradiction is understandable if it is remembered that proponents of "economic" independence often desire more aid from the Japanese government to promote their programs. The solution for Sovereign Hokkaido's balance-of-payments problems surely requires external resources - aid, loans, or investment. In this respect, we are also endowed with rich international experience. The simple truth is that a sovereign state never goes bankrupt. Thanks to the civilized international economic relations today, the rescue of a sovereign state from its international indebtedness seems less painful than the adjustment that a deficit region within a country has to go through. Sovereignty offers a powerful leverage for the choice of strategy to earn a breathing space by methods like debt rescheduling.

Now we come to the question of indigenization of foreign (Japanese) private companies' activities in Hokkaido. The large high-income population of Hokkaido constitutes a massive consumer market for the products
of Japanese corporations. One longstanding grievance of the Hokkaidoiites is that the Japanese corporations have been using Hokkaido for marketing but have not transferred production to Hokkaido. The Japanese corporations have in effect reduced Hokkaido to a "branch-store economy" (shiten keizai) staffed by transient personnel with no commitment to Hokkaido interest. Pre-independence Hokkaido, as a mere local autonomy within the nation-state of Japan, had little influence over Japanese corporate policies. Sovereign Hokkaido can change all that. In the world there is considerable expertise regarding how sovereign states, however politically weak they may be, can handle large foreign companies and make them share as much of the fruit of their activities with the host countries. The UN and OECD codes of conduct for multinational corporations strongly urge MNCs' cooperation with host countries in this direction. Sovereign Hokkaido can make use of the worldwide principles of state-business relationships for inducing the foreign (Japanese) corporations with branches in Hokkaido to substitute production in Hokkaido for imports from Japan and, further, to enlarge production for export to Japan and other countries.

This kind of indigenization policy is in fact urgent even before independence. With the dwindling of Hokkaido's own resources, Hokkaido's conventional primary industries (agriculture, forestry, and fishery), extractive industries (coal mining) and conventional smoke-stack industries (among them, paper mills and iron-smelting especially) have lost comparative advantages or even have lost their raison d'être. "Wide-open space" (by Japanese standards) still exists, but it is almost empty of resources for extraction or processing. In a growing economy, with the
Decline of conventional industries, new, sophisticated industries arise in an orderly succession. In Japan, as a whole this has happened. But in Hokkaido, because of the conventional role that Japan has assigned to it, as mentioned earlier, the orderly and balanced upgrading of its industrial structure has not taken place. Until Hitachi proposed an IC plant in Chitose, not a single high-tech plant had existed in entire Hokkaido. When the question of industrial upgrading became a serious concern, Hokkaidoites increasingly realized that the industrial base capable of producing machinery, machine tools, precision instruments, engines and motors, etc. was woefully inadequate in Hokkaido. It is perfectly understandable that patriotic Hokkaidoites agonize over this industrial backwardness of Hokkaido in the shadow of Hokkaido's colorful consumer economy. The whole history of Japanese economic policy toward Hokkaido has thus been called into question. Given the weight of a century-long Japan-Hokkaido relationship which has produced this anomaly, everyone would agree that some drastic steps are necessary for any substantial revision of course more compatible with the aspirations of Hokkaidoites. In order for that to happen, Hokkaido needs powerful leverage in dealing with Japan's policy making establishment. Full sovereign independence offers that leverage.

Domestic Policy

When a region of a nation-state becomes a new sovereign state, there are thousand and one things to do for the adjustment of foreign relations as the preceding section illustrates. But in the long run, the real source of strength for a sovereign state is the quality of
people's everyday life. In this respect, Hokkaido has a basic problem of identity. Whether people in Hokkaido really have a clear identify as Hokkaidoites and a "national" character worthy of a sovereign state is a widely debated topic in Hokkaido. A simplified question is to what extent the Japanese of Hokkaido are "indigenized" as Hokkaidoites and can differentiate Hokkaido's interest from Japan's national interest. Among the adults of Hokkaido, those who were born and raised in Hokkaido and who for that reason are potential or confirmed Hokkaido-patriots (as distinct from Japanese nationalists) are still a minority. Among the political, economic and social elites of today's Hokkaido, native-born Hokkaidoites are an even smaller minority. Many members of the elites are mobile Japanese of non-Hokkaido origin: they come and go, because they are swallowed up in the Japan-wide circulation of elites. Although the demographic dynamic is at work for increasing the weight of native-born Hokkaidoites in the Hokkaido population, the indigenization (Hokkaidoization) of the non-natives is certainly indispensable for the strength of Sovereign Hokkaido. Fortunately, patriotic Hokkaidoites are active in probing the meaning of being a Hokkaidoite as may be seen from a number of publications ranging from serious research on the potential "national character" of Hokkaidoites to outpourings of personal testimonies on attachment and loyalty to Hokkaido.5/

(In this connection, one should not forget the existence in the Hokkaido population of more authentic native Hokkaidoites, the Ainu. In the Ainu eyes, no non-Ainu deserves to be called a true child of the Hokkaido soil. Every non-Ainu is by definition an intruder into the
Ainu Moshiri, the Ainu Country. Nevertheless, the non-Ainu are here to stay. As they are indigenized as Hokkaidoites over generations, their claim to the Hokkaido soil becomes morally and philosophically indistinguishable from the Ainu's. And they are a numerical majority of the Hokkaido population. How the state system of Sovereign Hokkaido can be so constituted as to guarantee full and equitable honors to the Ainu is a question of enormous importance, which this author plans to discuss in detail in another paper.6

The human side of Hokkaido independence is certainly complex. A minimum condition for the prevention of welfare loss would be to maintain egress and regress between Japan and Hokkaido as free as before. From Hokkaido's macro-economic point of view, a drastic reduction of its population would spell a considerable dislocation of its economy. Given Hokkaido's lower population density than Japan's, Hokkaido in fact should encourage a faster population increase for some more time than in Japan. As far as the rights of people in everyday life are concerned, nothing changes except for Hokkaido's nation-statehood between pre-independence and Sovereign Hokkaido. But it is entirely possible that there are residents who might dislike the citizenship of the new state and want to move to Japan. To minimize a population loss of this kind, it seems desirable to have an effective cultural policy of strengthening Hokkaido's grass roots, where people are acclimated, acculturated, and indigenized. Love of a home town, when summed over all Hokkaidoites, forms a Hokkaido nationalism. The first essential step toward this is a heightened attention to, and respect for, people and their achievements at the basic community level of life.
This may sound trite, but its significance may be realized when it is specifically recognized that Hokkaido is conventionally regarded a remote frontier of Japan beyond the boundary of Japan Proper (naichi) and has often fallen prey to the reckless adventures of selfish drifters lacking in normal human qualities but endowed with an unduly inflated sense of ego. Adventurers throw away the moral and behavioral constraints to which they were subject in Japan Proper. It would be the last thought for them to settle down and build up their private wealths through sustained participation in the activities of their adopted communities and through durable human relationships of friends and families. Bluffs, tricks, grand staging, contempt of fellow men, egotistic manipulation of social relations, unconcerned breaches of trust, and many other self-centered maneuvers have been observed with some Hokkaido adventurers in scales exceeding the bounds of ambition and self-interest that a free dynamic society permits. True, some adventurers became great entrepreneurs. But their successes involved a large element of luck and hurt other people who were used mainly as instruments for their rise. Many adventures failed spectacularly and even what seemed great successes at first were often short-lived. The failures and downfalls of adventurers carried with them painful losses and disappointments of others who were swept up in the whirlwinds of their adventures: investors, creditors, employees, neighbors, and friends.

To the extent that drawing a lucky number from uncertain life is the name of the game, society would downgrade honest efforts for slow but steady improvements in the method and scale of production. Incremental experiments and refinements, so necessary for solid, cumulative
advance in technology, are neglected in a society where people fix their attention mainly on windfalls and big game. In this kind of society, local communities suffer from a high turnover of residents and a lack of public-mindedness among people who happen to be around only temporarily while preparing for the next move. It is not that all this somewhat exaggerated negative side of a frontier society is entirely applicable to Hokkaido today. It is enough if something of that kind cannot be totally ignored as an aspect of Hokkaido. From this, it follows that Hokkaido's indigenous development must start with the indigenization of its relatively mobile population.

How this can be done is a difficult question. At least, research efforts can be re-directed from macro to micro aspects of society and economy. In this connection, it is noteworthy that during the author's residence in Hokkaido, the Asahi Shinbun and the Hokkaido Shinbun regularly devoted considerable space to "home-town affairs." Every week, a town was intensely described, analyzed and admired. The re-inforcement of local pride in this way certainly appears to be an important part of the indigenization of an otherwise foot-loose population.

Vigor of life in a local community needs entrepreneurs not only in economic activities but in community development and leadership. Unfortunately, neither economics nor other sciences can teach us how to generate community leaders and entrepreneurs whose innovations can substantially add to the meaning of life and economic well-being in the community. For example, no prior scientific preparations were responsible for the rise of a mayor of Ikeda-cho whose singular insight and ingenuity opened up a whole new era of local prosperity based on new
indigenous products (grapes and wines). Waves of local-level innovations arising from one town's entrepreneurship then washed over wider and wider areas, to the benefit of a larger and larger population. Given the potential of such entrepreneurship at the local level, even if we do not know how to create it en masse, we can at least generate and maintain a right kind of social climate that encourages rewards and applauds community-based entrepreneurs. Fortunately, in Hokkaido's local histories, we encounter numerous founder-entrepreneurs. Research into their types, origins and personalities might uncover the secrets of human qualities needed for community building and indigenous socio-economic development.

Hokkaido's need for some more people to reach a commonly regarded optimal population must also be viewed and responded to within the framework of a community-building or strengthening style of domestic economic development. What is worrisome in this respect is that the population outflow from Hokkaido has been in excess of the inflow since about 1960. This should be reversed by an appropriate immigration policy.

Hokkaidoites have come from all parts of Japan. There are many associations on the basis of prefectures of origin. These organizations, and the kinship ties and friendship networks of their members may be utilized for encouraging their prefectural compatriots to come to Hokkaido. The immigrants' assimilation as responsible and productive moral beings into the distinctive culture and society of Sovereign Hokkaido would be made easier by this human approach to selective migration than through the conventional immigration policy applied to
colonial Hokkaido earlier or atomistic movements of individuals today. For Hokkaido, a good careful management of national human resources with a maximum help from local communities and voluntary affinity groups like prefectural associations seems eminently desirable in order to overcome the legacy of frontier adventurism and the dangers of a pernicious selection mechanism which may draw a disproportionate number of speculators and wanderers to Hokkaido. So long as selectivity is unavoidable in the process of international migration (even individualistic migration is subject to biases due to differences in the aptitude, attitude, and taste of the individual migrants), Sovereign Hokkaido with an eye on its longrun objective of becoming a republic of high culture should be careful in its immigration policy. With high-quality human resources carefully nurtured in this way, the transfer to Hokkaido of sophisticated technology and production will be expedited.
Conclusion

For many years to come, Hokkaido's economic development will need net imports of three major factors of production: capital, labor, and technology. Of course, this general proposition must be broken down into details in order to be serviceable. In the course of disaggregation, one must keep asking a fundamental question: What kinds of capital, labor or technology should Hokkaido encourage to come in? The answer depends on the kind of development Hokkaido wants. In this exercise, we have postulated that Hokkaido wants "indigenous" development. Once this objective is explicitly stated, it must be recognized that large fractions of capital, labor and technology operating in Hokkaido today still remain "foreign" and need indigenization. Hokkaido then faces a fairly delicate problem of policy: i.e., it must indigenize those factors of production already employed in it and at the same time keep importing more of them in ways compatible with their speedy indigenization. In order for Hokkaido to be able to manage economic development subject to the requirements of indigenization, it must have extensive and legitimate policy-making power to serve Hokkaido's own "national interest" with a minimum of interference from outside demanding Hokkaido's role to serve the outside interest. However, this type of power can be effectively enjoyed only by a duly recognized sovereign state. Indeed, as selective conceptual experiments of this paper show, Sovereign Hokkaido enjoys a vastly enlarged scope of freedom to choose as compared with what Japan's Hokkaido, subject to Japan's national interest, can enjoy.
One fascinating question that arises as a consequence is what the Japanese political and economic elites concentrated in Tokyo would say to the proposition that Sovereign Hokkaido may serve the people of Hokkaido better than Hokkaido in its current status can. If they deny sovereignty to Hokkaido without a convincing counter-argument, they are in effect saying that Hokkaido's interest is secondary to the interest of the Japanese state. It is this secondary status of Hokkaido's own interest vis-à-vis Japan's that has agonized generations of Hokkaidoites. But even in Japan, political sentiments have changed markedly in recent years. Japan has been in an Era of Localism for some time. The general thrust is away from macro-economic expansion under central guidance to the promotion of a better micro-social quality of life under local initiatives. Will the respect for local initiatives be genuine enough to grant full sovereign independence to Hokkaido if the general will of Hokkaido demands it?
Footnotes

*The author is professor of economics at the University of Illinois, Urbana-Champaign. He served as a Fulbright Lecturer at Hokkaido University in 1981. He is grateful to the Japan-United States Education Commission ("Fulbright Program") for support during this assignment. Among many members of the faculty and staff of Hokkaido University who helped him in many ways, the author is especially indebted to Professors Hiromi Ishigaki, then dean, Shigeo Aramata and Kikuji Yoneyama. The latter two cheerfully bore the burden of officially designated "closest colleagues" for the author. But none of them should be held responsible for opinions expressed in this paper.

1 This paper is an offshoot of my lecture at a meeting of the Hokkaido University Economics Faculty Alumni Association in December 1981. The transcript of the lecture (in Japanese) is available from the Faculty of Economics and Business Administration as "Hokkaido keizai no naihatsuteki hatten ni tsuite" (Economics-Business Seminar Series, No. 1), with Foreword by Professor Ishigaki.

3 *Hokkaido Shinbun*: Editorial, "Hokkaidō bunka kyōwakoku o kosō suru" (Toward a Republic of Culture in Hokkaido) (January 3, 1982).


6 A sort of prospectus appears in the *SRID Newsletter*, Nos. 84 and 86 (November 1981 and January 1982).

7 In addition to his national and international activities, Professor Kikuji Yoneyama is active at the local community level in his town of residence: Hiroshima-cho. His reports at town meetings privately made available to me are full of illuminating insights with respect to the problems of community-level development.


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