

## SOCIAL ECONOMIC CHANGES AND REGIONAL DEVELOPMENT IN JAPAN AND SLOVAKIA

Robert Antl, Ján Buček

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*Department of Human Geography and Demogeography, Comenius University, Faculty of Natural Sciences, Mlynská dolina, 842 15 Bratislava, Slovakia*

**Abstract:** Both countries underwent dramatic social and economic development since World War II period. This development strongly influenced changes on the labour market in Japan and Slovakia. We analyse new tendencies in employment, including transformation in work perception and female position. One of the negative phenomena is rapid increase of unemployment rate in both countries. Related regional differences have belonged to key development issues in both countries. It was more or less continual period of systematic development planning accompanied with series of major initiatives in Japan. However, it was period of two extremely different approaches to planning in Slovakia - from total planning during socialist period to more or less no development planning during early transition period in nineties.

**Key words:** social and economic development, regional policy and planning, unemployment rate, structural changes, regional differences

### 1. INTRODUCTION

Japan has been always perceived as a leader in innovation and new technology field. This is not a short – time success, but result of a long-term economic development. Slovakia belongs to the countries in a process of economic transition from the centrally planned to a free market economy. This paper focuses on the description of social and economic changes, as well as development planning in Japan and Slovakia over the last several years. Regional dimension of these issues also is studied. Both countries have passed over a critical economic period characterised by sharp economic decrease and negative social impacts. These markedly economic changes have deeply influenced the economic and social structure of population in both countries.

There is a voluminous literature on the economic development in Japan as well as in Slovakia. These papers try to analyse general economic and tendencies from various point

of views. Japan's economic „miracle“ was based primarily on the specific structure of its economical environment, especially *sogo-shosha* as a part of the *keiretsu* industrial and financial corporate groupings (see, for example, Dicken and Miyamachi, 1998). We can observe some new tendencies of the work (-place) perception (Toman, 2001; Osawa, N., Kamiyama, K., Nakamura, K., Naguchi, T. and Maeda E, 2002) and also a negative phenomenon in the Japan labour market – unemployment (Hanham and Banasick, 2000; Nakada 2002). Very important roles play in regional development in Japan well-developed regional planning approaches and regional institutional environment (Edgington, 1999; Kitajama 2000). On the other hand, it's rather difficult to deal more extensively with regional development planning and policy in Slovakia, due to its later formation only at the end of nineties. Transformation processes and its impact to social changes in Slovakia take rather wide attention mainly from the sociological (Bunčák and Harmadyová, 1993; Woleková and Radičová 2000) and economic (Košta, Azudová, Okáli, 2000; Gabrielová, 2000) point of view. The unemployment is one of the most discussed issues not only in the Slovak society (Bezák, 1994; Székely, 2001). We adopted this literature as a background for our paper. Besides these resources also were used information gathered during personal study visit in Japan in 2002 (especially experiences of Gifu prefecture).

This contribution is of comparative nature. The scope of social and economic changes we analyse based on situation on the labour market. The aims and tools used, as well as institutions formed in development planning are studied especially by addressing regional development framework. First part focuses on the economic development in both countries and changes in labour force structure. We analyse basic statistical data and processes in employment and workplace perception in both countries. Second part analyses the main features of the planning approaches in general, regional development institutional framework, and relevant technological aspects.

## **2. ECONOMIC DEVELOPMENT AND CHANGE IN THE LABOUR FORCE STRUCTURE**

### **2.1 Economic development and structural changes in employment in Japan**

Japan economy is based on different structure, as we know from the western economic environment. Traditionally is strongly connected to the large family group with a broad spectrum of interests – *zaibatsu*. After the Korean War came to re-emerging of the family group *zaibatsu* and consecutively to a first economic boom in the 1950's. There exist only tree *zaibatsu* companies (Mitsubishi, Mitsui, Sumimoto) of original four companies at that time. This economic boom was based on strengthened position of chemical and heavy industries; on the other hand position of light industry such a textile and ceramics went down. Period of the Rapid Economic Increase in 1960's is characterised by restructuring of Japan economy, and new industries (electrical, machinery, chemistry) were established. Japan government also liberalised economic condition in the country and allowed an access of foreign capital to the country. As a result, according to Dicken and Miyamachi (1998),

most Japanese companies, even the largest one, feared acquisition by foreign companies. Their primary objective was to retain their independence in terms of share capital. The result was the growth of highly diversified industrial and financial corporate groupings „keiretsu“ („new“ zaibatsu + breakaways from the zaibatsu. based groups – leading city banks – Bank Fuyo, DKB, Sanwa) and founding of general trading companies, first Japan companies with overseas trade activities, so called *sogo shosha*. Very important part of a Japan industrial structure is small manufacturers' sector – *jiba sandjo*. The GDP had grown approximately 10% per annum at that time. This period was also characterised by strong movement of the workforce from rural to urban areas and rapidly acceleration of the urbanisation process.

A distribution of workers by industries has drastically changed (tab. 1). A share of primary industry workers rapidly decreased of 30,2% in 1960 to 17,4% in 1970 and it was only 4,9% in the 2001. Percentage of tertiary industry workers has achieved rapidly increase since 1960 (41,8%) till 2000 (65%), as well as secondary industry workers, but it's not so high. It's because blossoming of services and gradual retreat of a manufacturing. These numbers coherently expressed the radical expansion of secondary and tertiary industry.

**Table 1** Distribution of workers by industry

Year	Primary industry	Secondary industry	Tertiary industry
1960	30.2	28.0	41.8
1970	17.4	35.2	47.4
1980	10.4	34.9	54.7
1990	7.2	33.8	59.0
2000	4.3	30.6	65.0
2001	4.9	30.2	64.9

Source: Ministry of Public Management, Home Affairs, Post and Telecommunication

Japan economy has passed over the oil shocks (1973,1979) and that time world crisis with greater vitality than other industrial countries because a high segmented labour force system and flexible production system. The beginning of 1980's was characterised by rapid growth and rising of Japan economy. USD to Yen was devaluated in 1985 and it came to slowdown of export and outflow of investment especially to South Asia. Japan government reacted with lowering interest rates and increase of public spending. The results of this step were rapid growth of the GDP and domestic investments (especially speculative capital – real estate, land). This period of economical recession is called „bubble economy“. It has come to the overheating of economy and response of government was a tightening of a monetary policy, but it led to a shock wave. After the collapse of the „bubble economy“ Japan government had adopted a reformatory tools, based mainly on a lowering interest rates and legislation (Fiscal Structural Reform ACT, Overall Economic Measures Program, Ecological and social development programs – well-fare, telecom, science, transport, etc.). Mismanagement in the 1980's and early 1990's have led to the present time economic recession. This crisis has affected especially banks, construction and real estate companies. After the short-term boost of economy, depression got much more pressing, because the South-East Asia crisis in 1997 and leaving the reformatory direction. It also has come to the negative global changes in economic environment in the present time. Global economic crisis is strongly connected with downturn of investment confidence, demand for output and

the world situation after the September 11-th and accounting scandals in the United States. Japan's GDP average has oscillated around 1 – 2 % per annum in the last decade (tab. 2). It's much more less value than a GDP increase in the European Union and the United States. Economy of the state is affected as well as by the deflation process, high public debt (130% of GDP); budget deficit around 8 % of GDP in the last years. All of these phases have significant consequences on a contemporary labour force structure and processes.

**Table 2** Growth of GDP in Japan, 1990 – 1999

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	average
GDP (%)	5.1	3.8	1	0.3	0.6	1.5	5.1	1.6	-2.5	0.2	1.7	1.67

Source: OECD, in Toman (2001)

The development is characterised by emergence of the new phenomenon on the labour market over the last decade. Japanese labour market is primarily based on long-term employment (a lifetime employment), seniority-based wage system and a low mobility of employees. According to Toman (2001), phenomenon of lifetime employment and impossibility to achieve manager position, occupied by senior workers, has dispirited effect to skilful and ambitious younger workers. They try to make some alternative methods for satisfying the perspective workers. On the other hand senior worker are under permanent pressure for retirement and alternative work place, because recent employer are not able to keep these low productive workers. Companies struggle also for increasing of a cost flexibility by means of hiring non-regular employee – contract and temporary workers (tab. 3).

**Table 3** Status of Employment (2000) and status development 1985 – 2001

Total	Employed	Regular staff	%	Non-regular staff	%
	50 080	36 950	74	13 130	26
Male	29 410	25 970	88	3 440	12
Female	20 670	10 980	53	9 690	47

YEAR	1985	1990	1995	1996	1997	1998	1999	2000	2001
Regular employees	83.6	79.8	79.1	78.5	76.8	76.4	75.1	74	72.8
Part-time workers	12.5	16.3	17.3	18.0	19.0	19.9	20.8	22	23.0
Temporary + contract workers	3.9	3.9	3.7	3.6	4.2	3.8	4.1	4	4.2

Source: Ministry of Public Management, Home Affairs, Post and Telecommunication

The development of the non-regular workers' share achieved sharp increase. – 10,5 percentage points. A number of non-regular workers was 13 130 th. (26%) to 36 950 th. regular staff workers in 2000. Proportion of the female non-regular staff is close to 50%.

The general tendencies include structural changes of the labour force, shifts in the work (-place) perception and also position of women changed. Women have become higher educated and started actively participate on the labour market. New types of job have been created, but on the other hand unemployment rate rise rapidly etc. Now, we try to analyse these structural changes by using the basics statistical data. For better understanding, we try to briefly explain the concept of Japan labour force status and registration. This system it's slightly different, as we know in the rest of the world. The Labour Force Survey finds out

the labour force status. This survey has been conducted every month since September 1946. About 100 thousand persons usually residing in about 40 thousand households are selected and enumerated. All of the respondents are classified according to the activity in which each person was engaged during the surveyed week. Two main groups are *Labour force* and *Not in labour force*. This first group has two subcategories *Employed* and *Unemployed*, and a subcategory *Employed* composed of a category *At work* and *Not at work*. *Employed* are all persons whose work for pay or profit, or work as unpaid family workers for at least one hour during the survey week – category *At work*). Employees who were absent from work but received or were to receive wages or salaries for the time off and self-employed workers whose absencing from work has not exceeded 30 days, they belong to category – *Not at work*). There are persons that did not work at all during the surveyed week, but they were currently available for work and were active in seeking a job or were waiting for the results of the past job-seeking activity – the *unemployed* category. Person which is not classified as employed or unemployed is in a category „*not in labour force*“ (students, housewives, etc.).

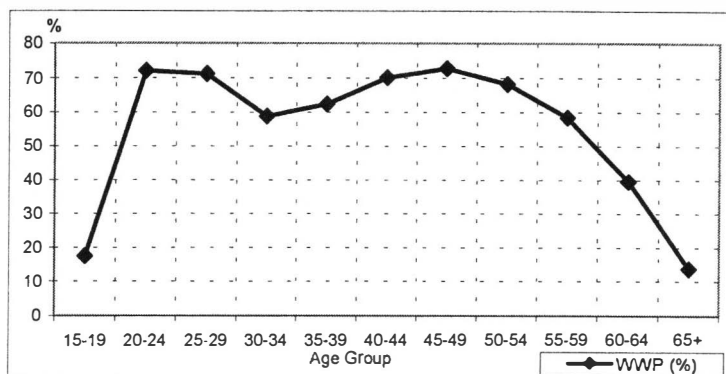
**Table 4** Population by Labour Force Status (Thousands)

Year	Total 15+	Labour force				Not in LF	Other	Unemployment rate (%)
		Total	LFPR	Employed	Unemployed			
1985	94 650	59 630	63.00	58 070	1 560	34 500	520	2.6
1990	100 890	63 840	63.28	62 490	1 340	36 570	490	2.1
1995	105 100	66 660	63.43	64 570	2 100	38 360	70	3.2
1997	106 610	67 870	63.66	65 570	2 300	38 630	110	3.4
1998	107 280	67 930	63.32	65 140	2 790	39 240	110	4.1
1999	107 830	67 790	62.87	64 620	3 170	39 890	150	4.7
2000	108 360	67 660	62.44	64 460	3 200	40 570	130	4.7

LFPR – Labour force participation rate

Source: Ministry of Public Management, Home Affairs, Post and Telecommunication, Author's calculations

Two of the most important labour markets indicators are *labour force participation rate* (Labour force / population 15 years old and over \*100) and *ratio of unemployment* (Unemployed / Labour force \* 100). The number of people in labour force (tab. 4) had risen constantly since 1985 (59,63 million) till 1998 (67,93). Since 1999, this number has gone down slowly to 67,66 million in the year 2000. On the other hand, amount of people classified as *not in labour force* increased slowly since 1985. It is because number of the population aged 15 years and over increased slowly as well. Total labour force participation rate was 62,44 %, by men 76,41% and by women 49,31% in 2000. All of these numbers represents decline of a labour force participation rate in the last studied 15 years. We assume that the significant increase of female in a category *not in labour force*, its because of a growth of women studying at the university. Females workforce participation by age characterised by M-shaped line shows Figure 1. We can divide development of this line into four stages. Workforce participation in the age group 15 – 19 year is rather low, caused predominantly by school attendance. Thereafter, in the age of 20 till 29, its come to a rapid increase until they get married and have children (30 – 34). The age group 45 – 49 in 2001 achieved the highest female workforce participation rate. It means that majority of women



**Figure 1** Women's Workforce Participation by Age, 2001

Source: Ministry of Public Management, Home Affairs, Post and Telecommunication

rejoin the work force after the child rearing. Afterwards, we registered constant decrease of this rate. According to Japan Statistical Office (2001), since the implementation of the Equal Employment Opportunity Law in 1986, more women have entered the work force and there have been qualitative changes in duration of their employment and the amount of higher education they have received. The structure of workers by industry underwent though changes especially in the decade 1990-2000 (tab. 5). The decrease of workers was registered practically in all primary and secondary industries. The highest decrease was noticed in agriculture, forestry and manufacturing. Reduction of employment in manufacturing is related to transfer of Japan capital overseas and significant import of

**Table 5** Employed Person by Industry, 1990 – 2000 (thousands)

Industry	1990	1993	1995	1997	1999	2000	males (%)
<b>TOTAL</b>	62.49	64.5	64.57	65.57	64.62	64.46	59.2
<b>Primary Industry</b>							
Agriculture and Forestry	4.11	3.5	3.4	3.24	3.07	2.97	53.9
Fisheries	400	330	270	260	280	290	73.4
<b>Secondary Industry</b>							
Mining	60	60	60	70	60	50	100.0
Construction	5.88	6.4	6.63	6.85	6.57	6.53	85.0
Manufacturing	15.05	15.3	14.56	14.42	13.45	13.21	65.1
<b>Tertiary industry</b>							
Electricity, gas and water	300	350	420	360	380	340	88.2
Transport and communication	3.75	3.94	4.02	4.12	4.06	4.14	81.4
Wholesale and retail trade	14.15	14.48	14.49	14.75	14.83	14.74	48.6
Finance, insurance	2.59	2.6	2.62	2.53	2.51	2.48	53.2
Services	13.94	15.16	15.66	16.48	16.86	17.18	37.2
Government	1.95	2.09	2.18	2.15	2.14	2.14	77.6

Source: Ministry of Public Management, Home Affairs, Post and Telecommunication

especially consumer goods, as well as innovations in production process. Jobs in agriculture and forestry are not very attractive mainly for younger people regardless effort of the central government to change this situation. The development in employment in tertiary industries is without large changes. Males are particularly dominant in mining, electricity, gas and construction industries. Significant growth was registered only in services, which are with wholesale/retail trade altogether two industries with majority share of female. Since 1975 (tab. 6), it has steadily risen the ratio of women occupied office jobs by 60,4% (2001), protective service and other service worker (55,8%). Occupations characterised by low female employment at the managerial level, or in transport and communications sectors. The highest increase has achieved share of female employees in telecommunication industry – 6,6 percentage points and government – 6 percentage points since 1975. Rapid growth of unemployed people is one of the most negative phenomena on the Japanese labour market. Increased unemployment rate is result of a continuing economic sluggishness. It has raised a number of involuntary unemployed people especially by so-called blue-collar jobs due to surplus of skilled and unskilled workers. According to Tachibanaki and Sakurai (1991, in Toman 2001) a growth of unemployment rate is a result of expanded female labour force participation. It has to be stressed, that low women's interest to work was one of the most important factors influencing the long-term minimal values of unemployment rate. We have to say that the data on unemployment can be deformed, because there existed some kind of a „social disgrace“ against the registration at the labour force office.

**Table 6** Employed person by occupation, 1990 – 2000 (thousands)

Occupation	1990	1993	1995	1997	1999	2000	males %
<b>TOTAL</b>	62.49	64.5	64.57	65.57	64.62	64.46	59.2
Professional and technical w.	6.90	7.65	7.90	8.24	8.46	8.56	55.5
Administrative and managerial w.	2.39	2.46	2.36	2.26	2.15	2.06	90.3
Clerical and related w.	11.57	12.26	12.52	12.73	12.73	12.85	39.6
Sales w.	9.40	9.48	9.45	9.4	9.21	9.11	62.6
Protective services and other services w.	5.35	5.87	6.10	6.37	6.68	6.77	44.2
Agricultural, forestry and fishery w.	4.48	3.81	3.63	3.46	3.32	3.21	56.7
Transport and communications w.	2.33	2.33	2.37	2.41	2.28	2.21	95.0
Craftmen and production process w.	17.02	17.25	16.87	17.06	16.04	15.08	73.8
Laborers	2.74	3.09	3.10	3.28	3.34	3.47	55.9

Source: Ministry of Public Management, Home Affairs, Post and Telecommunication

Japanese companies have increased their flexibility regarding employment and wages, and have reduced labour cost as a whole (Osawa, Kamiyama and Nakamura, 2002). It is because process of globalisation, general domestic economic development, improving of technologies, innovations, outflow of capital to the South-East Asia and demand for more educated labour force. Japanese unemployment rate 4,7 % – 5 % (in 1999 – 2001) was rising but its still somewhere in the middle comparing to economic well developed countries (tab. 7). It is lower than unemployment rate in France and Germany, but higher than in the USA and the United Kingdom. The share of unemployed people was less than 2% in the 1960's and nearly 3% in the latter half of the 1980's. In 1990 – 91, the rate settled down again to just 2%, but it began another gradual rise from 2,2% in 1992 till 5% in 2001. There

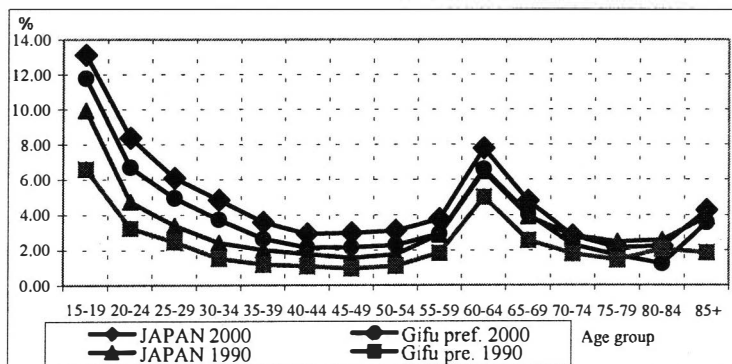
exist as well big regional differences in unemployment rate (map 1a, b). Traditional regions with high proportion of the unemployed people are Tohoku, S. Kanto, Kinki, Hokkaido and prefectures Okinawa, Fukuoka, Amimori. These regions and prefectures are historically underdeveloped with low GDP (map 2a, b). In 2000, the unemployment rate was highest among young people, age categories 15 – 19 (13,11%) and 20 – 24 (8,37%). One of the reasons for the high unemployment rate among young people is the fact that companies are reshuffling their existing employees instead of hiring new ones. At the same time, the number of young people voluntarily leaving their jobs is also on the rise, indicating a shift in their attitude to employment (Japan Statistical Office, 2001). We supposed that the high proportion of the unemployed people in age group 60-64 is resulting from a problem of involuntary fired people to rejoin the work process and also some kind of abusing of the legislation. If we compare the development in studied Gifu prefecture and the rest of Japan, we see very similar trend, only the rate is about 0,1 – 2% lower in Gifu 1990 – 2000 (fig. 2).

**Table 7** Unemployment rate, 2001

Country	Unemployed persons (1,000)			Unemployment rate (%)		
	Year			Year		
	1999	2000	2001	1999	2000	2001
France	2 776	2 165	2 122	11.2	9.5	8.8
Germany	4 099	3 879	3 858	10.5	9.6	9.4
Japan	3 170	3 200	3 400	4.7	4.7	5.0
UK	1 248	1 089	969	4.3	3.6	3.2
USA	5 880	5 653	6 779	4.2	4.0	4.8
Slovakia	535	507	534	19.2	17.9	18.6

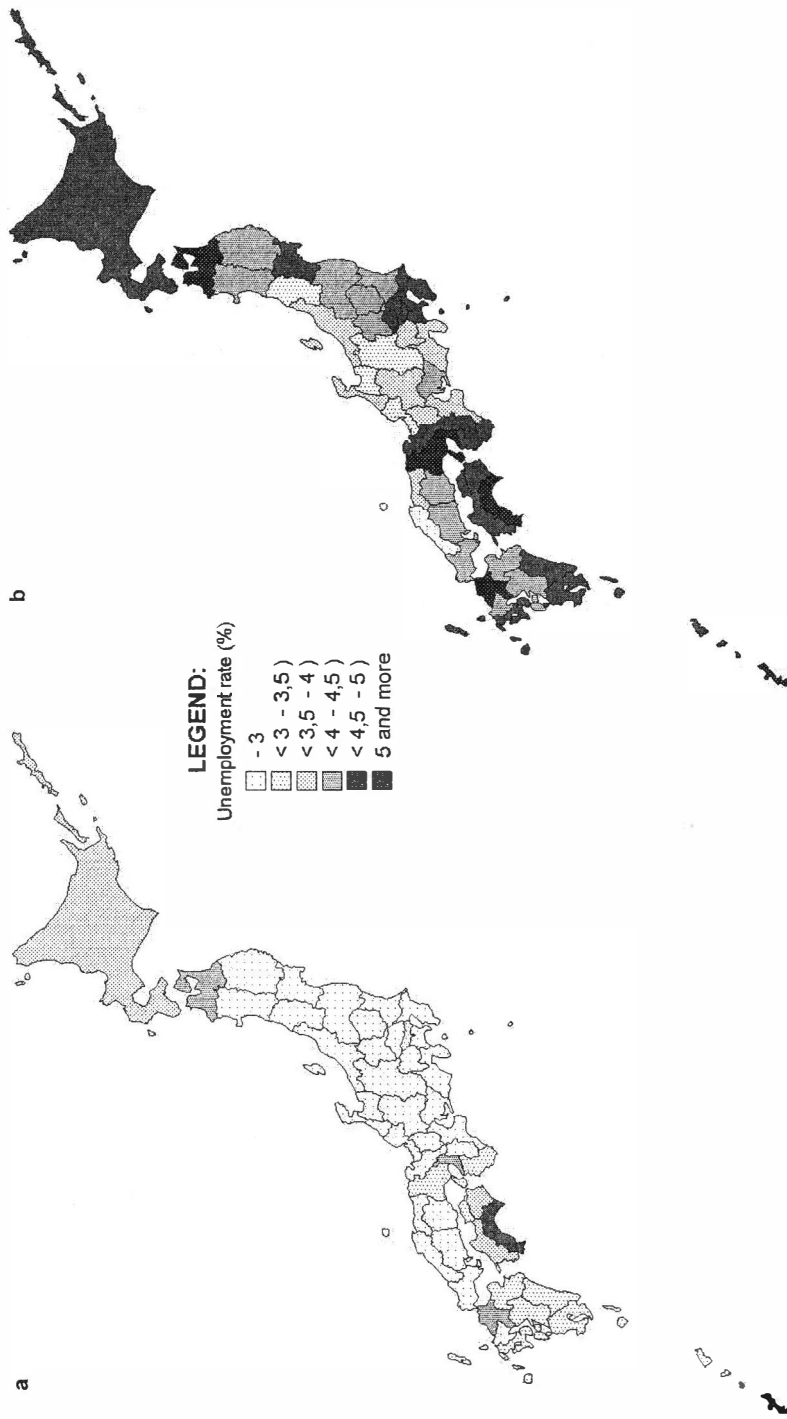
Source: Ministry of Public Management, Home Affairs, Post and Telecommunication, [www.mesa10.sk](http://www.mesa10.sk)

**Figure 2** Unemployment rate Japan - Gifu-pref., 1990 – 2000

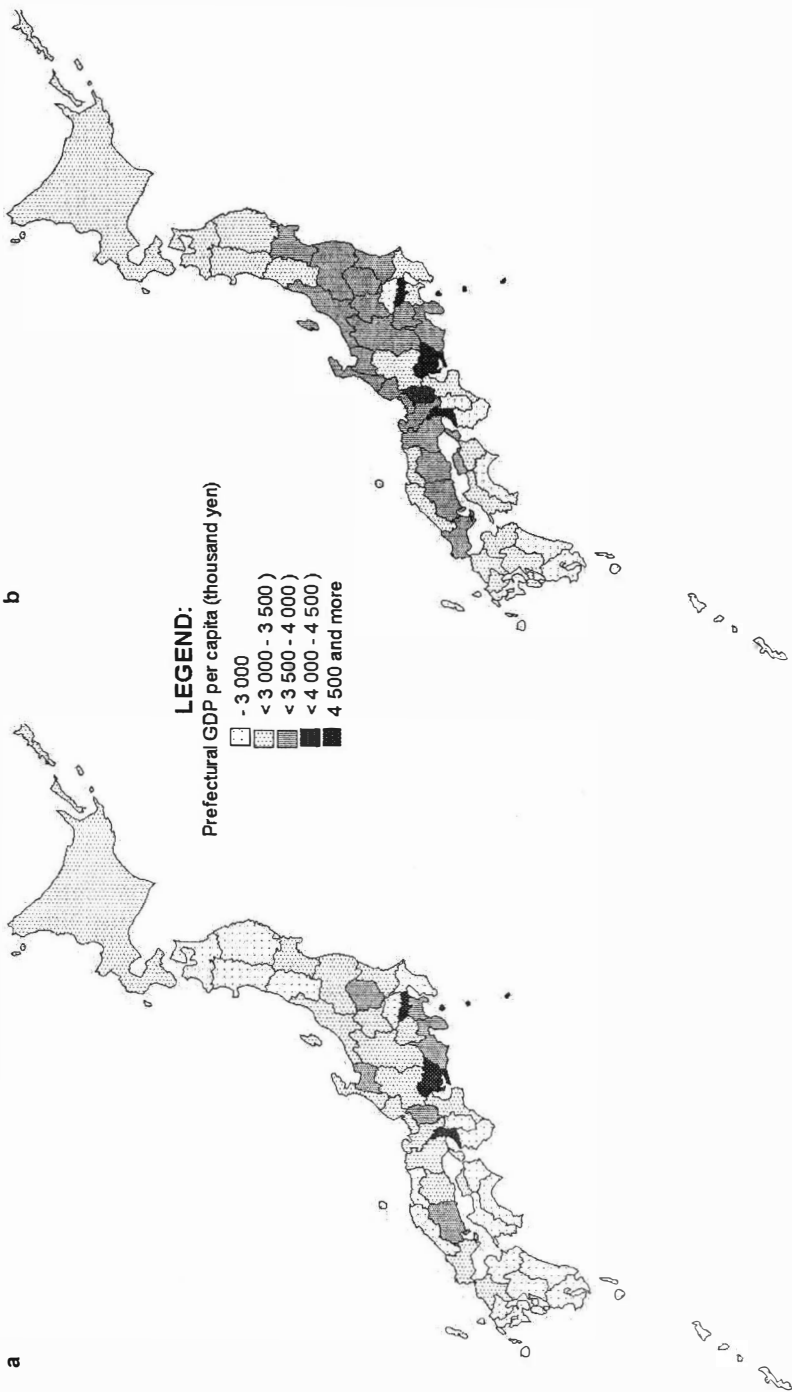


Source: Japan Statistical Office, author's calculation





Map 1 Unemployment rate, a — 1990, b — 2000



Map 2 GDP per capita, a – 1990, b – 2000

## 2.2 Economic development and structural changes in employment in Slovakia

Slovakia has undergone complicated economic development since the World War II. Especially last twelve years presents difficult period for the Slovak economy and society. It has been process of the economic and social transformation from communist regime to state built on the democratic and liberal values. According to Bunčák and Harmadyová (1993), the transformation of social structure we can define as a transition form „dissociated conditions“ to an economically modern and effective „social order“.

The economic development after the World War II was characterised by sharp increase of industrial production in conditions of the centrally managed economy. The state has invested mainly to the heavy industry – chemical industry, metallurgy and machinery. These industries are very dependent on a labour force, therefore it had come to strengthening of the urbanisation process. Following development had influence on the distribution of employees by industry (tab. 8).

Table 8 Distribution of workers by industry

Industry	1975	1994	1995	1996	1997	1998	1999
Primary	15.6	10.2	9.2	8.9	9.2	8.3	7.4
Secondary	47.3	39.6	38.9	39.5	39.3	39.4	38.5
Tertiary	37.1	50.2	51.9	51.6	51.5	52.3	54.1

Source: Košťá J., Azudová L., Okáli I. 2000, Haufler 1978

The share of employment in primary industry has declined, while employment secondary and tertiary expanded. Less than 16% of labour force was employed in primary industry. It was 47,3% in secondary industry and only 37,1% in tertiary industry (1975). This structure has changed remarkably during the last decade. The employment in secondary industry has decreased app. by 9% (1999), since 1975 to 1999. This decrease is reflecting rapid increase in tertiary industry 17 % (1975 – 1999), and general qualitative changes of the Slovak economy, mainly after the 1989. It has come to transformation from the centrally managed economy to free market economy. This transformation is strongly linked to sluggish economy decrease of the GDP (tab. 9), structural changes, and diminishing of living standard. A value of GDP has increased steadily since 1993, but it exceeded its 1989 value only in 1999. Communist period was characterised by broad state social support and over-employment in all industries of national economy. In 1990 has started process of privatisation, restructuring of economy and companies' struggle for a higher labour productivity. Those are the main reasons for an appearing and later strong increasing of unemployment. According to Gabrielová (2000), transformation process has boosted labour productivity for 20% at the expense of employment. If we look at the last ten years, the growth of labour productivity was depended almost on the decrease of employment. It is an evidence of a bad economical structure and lack of innovation and capital. Privatisation had to be a tool for „encouraging“ of economy, but was full of political scandals, especially during its early periods. The unemployment rate was 11,8% in 1991, and had risen to 20% in 2000 (tab. 10). These values are very high, if we compare them with the EU countries, as well as comparing to Central-European neighbours. Registered unemployment rate was calculated – number of registered unemployed to number of economically active persons.

**Table 9** Development of GDP in Slovakia, 1993 – 1999

Year	1993	1994	1995	1996	1997	1998	1999	2000
GDP (%)	-4.1	4.8	6.7	6.2	6.2	4.1	2.2	2.9

Source: Slovak Statistical Office

**Table 10** Applicants for job registered in Labour Offices in Slovakia

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
*1	301951	260274	368095	371481	333291	329749	347753	428209	535211	506497
*2	11.8	10.4	14.4	14.8	13.8	12.6	13.4	16.8	20.8	19.8
*3	-	-	-	-	-	-	12.5	15.6	19.2	17.9
*4	157083	130412	175953	181417	166253	173212	176893	200629	236117	231505

\*1 – Total number of registered applicants for a job

\*2 – Unemployment rate

\*3 – Unemployment rate of disposable

\*4 – Woman

Source: Slovak Statistical office

Since 1997 was changed a method for unemployment rate calculation. It is calculated from the disposable numbers of the registered unemployed – who can immediately, after being offered suitable job, start to work. The results are 1 – 2% lower by using this method. A rather big problem is unemployment of young people. Unemployment rate was in the age group 15 – 24 more than 32% in 1999. It's very important to reform and improve an educational system in Slovakia. Critical are also regional disparities in unemployment. We recognised mainly two different regions, Bratislava and the rest of Slovakia or „rich West“ and „poor East“.

We see the roots of a high unemployment rate in low quality of economic, legislative, and educational framework, low mobility of the labour force and absencing large scale restructuring of the economy. Slovakia has to use all of the accessible tools for solving these complicated problems. One of the most operative and effective solutions for Slovakia and Japan is supporting of the regional policy and planning.

### **3. ADDRESSING REGIONAL DIFFERENCES – PLANNING AND REGIONAL DEVELOPMENT POLICY**

#### **3.1 Nature of Japanese planning**

Specific planning approaches have belonged to important factors used in management of Japan's admirable economic growth since World War II. Japanese central state is more typical by active pro-development planning initiatives and co-operation with private sector, comparing to predominantly regulatory nature of many western states (although this feature is in fact challenged by expansion of regional development policy under the framework of EU).

In general, we can consider Japan approaches as specific form of indicative planning under the conditions of market economy. At the macroeconomic level, various forms of planning have been applied, including main five years plans (National Comprehensive

Development Plans). They were practised already in 50's, but more systematically since 60's. According to Marhoulová (1989), there were prepared about 12 central plans until the end of eighties. Prevailing period of planning was five years. However, there exist in fact many planning documents with various sectoral orientation and time scope (e.g. efficiently reducing potential rigidity of five years plans). Plans containing set of key economic variables and development aims have been prepared by special institutions (Economic Planning Agency), and central ministries (the most often mentioned is MITI – Ministry of International Trade and Industry and Ministry of Finance).

Planning as important tool of active macroeconomic management also has been respected by private sector. Approach to planning based on consultations; exchange of information and co-operation among government and private sector (represented especially by large companies, banks, industrial and business associations) is of specific Japanese character. Agreement on basic aims and economic indicators allow joint and co-ordinated effort. It influenced expectations within firms and influenced strategic decision of companies. Participation and respect on agreed trends was supported by various tools formulated by central government (subventions, various financial incentives, research support etc).

### **3.2 Partnership in regional/local development**

Co-operative vertical and horizontal links among various actors are typical feature of regional and local development in Japan. Key role in such local and regional networks have firms and industries, combined with important role and quality of public sector intervention (and not only of central state) and participation of many other local partners.

Current local environment typical by very diverse set of partners participating in economic development at sub-state level is well depicted in Edgington's (1999) analyses of Chukyo region development (prefectures Aichi, Gifu and Mie). Traditional important partner is group of leading assembly corporations. Often they are large multinational giants in their respective fields. They are surrounded with large group of subcontractors (at present not often exclusively subcontractor to only one company). Besides key companies, important agents in economic development are major banks, usually linked to major corporations located in regions. Long term established and almost unbreakable links and shared interests among them (under *keiretsu* system) protect competitiveness of regional economies. Parent banks create suitable financial backing for core companies and their major sub-contractors (e.g. in innovation processes) and minimise financial risks (although rigidity of this relation is also dangerous).

Central, regional and local levels extensively cooperate in development issues. Central state intervenes into regional future by pushing regions according to their perspective sectors. It often expressed by establishing specific planning institutions dealing with strategic planning issues at regional and local level, partly of quasi-public character (combining government, academic and business). Important part of planning aims emphasise development of regional infrastructure serving JIT delivery systems, or academic and science cities (often supplemented by plans prepared by prefecture and supported by central government). Previous top down line of planning, with passive positions of regional and local levels to central level development strategies are changing rapidly. Sub-state level apply standard pro-development tools as support in planning and land issues for local industries, industrial parks formation, office space provision or business incubators

establishment for new companies. Now we can find new science and research cities initiated e.g. by prefectures (in Gifu prefecture it is Tono Frontier Science Research City). Traditional field of sub-state government to intervene is support of small and medium enterprises. The most typical is support in R&D, workforce training, marketing, financial assistance etc. They are part of special central state designed programme for support of SME's by MITI.

From the third sector, the most important are usually various regional development federations and associations. Besides their „in region“ activity, they often lobby in central government. They are often involved in preparing implementation strategies for their respective regions. In addition, important roles have local chamber of commerce (*shokokai*) as non-profit agencies, supported by funds from Ministry of Home Affairs. In Japan, as third sector bodies are often referred public private partnership based institutions. Partnership is acknowledged as desirable institutional mechanism for implementing regional policy since 70-ties (Kitajama, 1998). It is alliance among local institutions like local governments, trade unions, business association, education bodies etc. The most typical and traditional partnership based bodies are regional corporations (*chiho kosha*), oriented initially mostly on building infrastructure and land development. They have been mostly mixed enterprises established by municipalities, and there were more than 900 such regional corporations in Japan in 1970. Massive development related to Second National Comprehensive Development Plan (*Shinzenso*) led to acceleration of number of regional corporations, their growing role in implementing large-scale projects. Regional corporations were recognised by the central government as effective tool for implementation of urban and regional policies. Despite certain periods of stagnation, the total number of regional corporations was more than 9300 in 1996. During nineties main partner in partnership were local governments and corporations. Most of them were formed according to civil and commercial law principles.

It seems quite surprising to mention Privatisation Law (1986) within the framework of regional development issues. However, this legislation defined various forms of governmental support in the fields of infrastructure development, high-technologies diffusion, promotion of information technologies and internationalisation (tax benefits, tax exempts). Partnerships in large urban centres entered into large-scale projects in research a development, telecommunication, conference and trade centres development, or various redevelopment projects. Funds obtained from privatisation of NTT stocks were borrowed by means of Development Bank (at zero interest). Development based of this legislation documents growing role of sub-state level in responding economic problems. However, as Kitajama pointed out (1998), the shift of roles from central government to regional or local governments does not decentralise the powers equally among regions. In both financial and substantive terms, projects were concentrated into three metropolitan regions (90% of total funds, 40% of total number of projects). While in these regions it was part of effort to globalise Japanese economy, in rest of the country it was mostly dealing with revitalisation of regional economies and addressing problems in economic restructuring.

### **3.3 Regional technological institutional environment**

One of the most discussed issues in the field of current development strategies is support of technological innovations at the regional level (sometimes referred as regional innovation support systems). Japan is in forefront in these activities from global point of

view. It has been reflected in establishment of unique, but spatially circumscribed Tsukuba Science City, later followed by Technopolis programme, initiation of new science cities in more or less rural environment and spreading of research parks throughout the country. It seems that in regional technological development important role also have scope of decentralisation, regional institutional environment and question of regional industrial specialisation. Support of technological innovations is not simple and uniform in Japan. In this field, we also can observe overlapping of various institutions were both – regional and national governments play important roles, generating somewhat integrated, rich and specific institutional environment.

The most traditional case of innovation support in Japan regions are so called *kohsetsushi* centres, set up and financed by prefectural governments (172 such centres exists in Japan – Hassink, 2002). They are specialised according to regionally prevailing sectors, and address especially needs of small and medium enterprises. Probably the most known form of innovations led development in Japan regions are *technopolises*. Inspired by US experiences (e.g. Silicon Valley, Route 128), but adjusted to Japan conditions, they were proposed as concept by MITI already in 1979 and established since beginning of eighties in support of regional development in peripheral regions (i.e. outside three metropolitan regions) and dispersion of high-tech industries. As Sazanami (1991) concluded – from 25 technopolises established in whole country, those located along the Pacific have performed better than those in more remote localities. Critical issues were infrastructure and human resources. During first phases of their introduction, they were more oriented according to central recommendations and guidelines (MITI) and local industries remained in secondary role. Later technopolises strategies tried to include much more co-operation with local industries and their technological upgrading. Technological advancement is further supported by 126 research parks, as next stage in innovation policy (e.g. Plasma Research Park in Gifu prefecture). While technology transfer have been supported mainly by *kohsetsushi* centres, some prefectures are setting up new centres involved in supporting basic science and advanced technologies at present.

As we could notice, Japanese regional and local governments have significant role in innovation policy at present in Japan. Besides extensive central state support, in mentioned cases of innovation policies in regions, they are especially prefectures that play important role in developing infrastructure and shaping institutional environment. They initiate establishment own specific development bodies, or even own new science cities. Existence of regional technological policies, or strategies is under such conditions not surprising. Central state also remains active in regional technological innovation by means of support in joint university and industrial co-operative research centres. Specific roles have MITI offices located in regions (serving mostly group of prefectures). Competitive position of regions is result of combined effort of top down regionalised national innovation system and truly „bottom up“ territorial embedded system (Asheim, Isaksen, 1997 in Edgington, 1999).

### **3.4 Regional development policy and planning in Slovakia**

Rigid centralist directive balance planning within the framework of almost total state ownership was the most typical feature of socialist economy until 1989. Five years plans defined perspectives of all plants, defined their production, technological development, employment etc. Addressing regional differences was part of general planning procedures

before 1989. No substantial social and economic disparities were observed resulting from massive equalisation and redistribution flows within the economy (among sectors, regions etc.) at the end of eighties.

The transition period from planned economy to market economy led to renewal and deepening of regional differences. It was consequence of non-adaptable economy, hardly to restructure in many regions, as well as liberal approaches to economic reform, reluctant to any forms of planning, including regional development planning and policy. Regional disparities were not effectively addressed for years. Regional development policy was in fact „minimum policy“, because no coherent and systematic policy was developed, very limited capacities and resources were granted (Buček, 2002). Surprisingly, it seems that they were not growing regional social and economic differences, but effort to join EU and have access to EU pre-accession funds that finally mobilised activities leading to formation of regional planning and efficient regional policy formulation. Series of institutional developments, elaboration of principal documents and legislation accelerated especially since 1999.

At the institutional level positive trends were confirmed by establishing of new Ministry of Construction and Regional Development in December 1999. Regional development will be one of the most important issues for newly established regional self-governments functioning since 2002 (eight regions) having own specialised departments of regional development. They should take more active role comparing to regional state administration established already in 1996. Institutional structure at the regional level has been further strengthened by Regional Development Agencies (RDA's). New attempt to build effective network of RDA's was initiated by Ministry responsible of regional development in 2001 (mostly in peripheral regions and eastern Slovakia – 16 agencies). Activities in the field of support of small and medium enterprises' development at all level co-ordinates National Agency for Development of Small and Medium Enterprises. It is addressing SME's development in regions via network of 12 Regional Advisory and Information Centres (RAIC) and 5 Business Innovation Centres (BIC). RAIC are legal entities based on public-private partnership principle, oriented on advisory, information and educational/training services in support of new small and medium enterprises establishment. BIC's are independent corporate bodies offering suitable businesses environment and services (business plans, legal advice, technological and patent advice etc.) for innovative firms (new products, services or technologies) for a period on 2 – 3 years. NADSME also implement state programmes for support and development of SME's oriented on transfer of technologies, quality management, export support and programme of micro-loans. Existing network for SME's support is insufficient, and has limited accessibility and effects in regions. For strengthening of support infrastructure is planned to build network of „Centres of first contact“ in co-operation with local self-governments. It is expected that much more extensive role in regional development will have regional branches of Slovak Chamber of Commerce and Industry and various business associations, as well as National Labour Office active in labour market services.

Mobilisation of policy and planning documents' elaboration and legislation adoption started since 1998 change of government. Intensive planning and programming activities they have been strongly related to creation of base suitable for EU pre-accession and future structural funds management. The most important is „National Plan of Regional



Development“ adopted by the central government in March 2001. It is strategic document for planning period 2000 – 2006 and basic condition for Slovak participation on pre-accession support from European Union PHARE, SAPARD and ISPA funds. It is concentrated on sectoral programmes in the fields of human resources, industry, transport and telecommunications, environment, agriculture and rural development, tourism and housing. Regional operation plans are organised according to four NUTS II regions and are oriented on regional development strategies.

Key legislation – „Act on Support of Regional Development“ was adopted in October 2001. It covers basic terminology, aims and fields of regional development. In general terms, it defines supported regions, programming tools, outlines financial conditions and institutional framework. This act creates new and more compact framework for regional development. It gives for the first time extensive powers to regional and local self-governmental institutions in this field. Large impacts on regional development should have two other new legal documents – Act on support of industrial parks development and Act on investment stimuli (valid since 2002). Main role in establishment of industrial parks will have local self-governments. Central state financial support can not exceed 70% of total costs that limit activities of smaller communities. Support will be oriented on technical infrastructure development and purchasing (or renting) needed land. The Act on investment stimuli defines provision of investment stimuli as individual state aid in favour of regions. Main tools for support of investments are tax-reliefs, subsidy for newly created workplaces and subsidy for workforce retraining. The rules for their distribution respect regional social and economic differentiation. Applications for investment stimuli will be administered individually by Ministry of Economy. Workforce based subsidies will be distributed by National Labour Office field offices (district level). The tax reliefs will be administered by tax office.

#### **4. CONCLUSIONS**

This paper concerns the description of social and economic changes, as well as development planning in Japan and Slovakia over the last several years. Special attention was paid to regional dimension in these issues. Both countries have passed over a critical economic period characterised by sharp economic decrease and negative social impacts. Mismanaged economic situation in the 1980's and early 1990's, it has led to the present time economic recession. Economic depression got stronger thanks to the South East Asia crisis in 1997, reaction on world-wide threat after the September 11-th and accounting scandals in the United States. The development in the last decade is characterised by emergence of the new phenomena on the labour market. The general tendencies include structural changes of the labour force, shifts in work (-place) perception and also position of women has changed. New types of job have been created, but on the other hand unemployment rate rise rapidly. The situation is quite similar comparing to Slovakia during the last twelve years. Sluggish of economy (decrease of GDP) and economic transformation (structural changes) have led to decrease of living standard and critical size of unemployment rate. The crucial factors of the

high level of unemployment rate are low quality of economy, legislative and educational framework, low mobility of the labour force and indistinct property.

All these changes also were reflected in deepening of regional differences. Japan developed various experiences in addressing such disparities during decades. It should be mentioned that scale of public intervention is quite extensive. On the other hand, such intervention of public sector, or well-developed partnership between public and private sector in support of regional development is only under formation in Slovakia. However, the most inspiring is Japan experience in incorporation of technological policy into regional development policy.

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## Resume

### Socioekonomické zmeny a regionálny rozvoj v Japonsku a na Slovensku

Hlavným cieľom práce je deskripcia vývoja základných sociálnych a ekonomických zmien, regionálneho rozvoja a plánovania v Japonsku a Slovenskej republike. Obe krajiny prešli krízovým ekonomickým obdobím charakterizovaným výrazným hospodárskym poklesom a negatívnymi sociálnymi dopadmi.

Japonsko zaznamenalo rapidným ekonomickým rastom po 2. svetovej vojne, založenom na systéme ekonomických a finančných korporácií – keiretsu. V tomto období rástol HDP Japonska ročne o 10%. V 80-tych rokoch došlo vplyvom odlivu kapitálu do Juhovýchodnej Ázie a následnej reakcii vlády k ekonomickej recesii. Nevládnutie situácie z toho obdobia má vážne následky pre ekonomiku do súčasnosti. Recesia sa prehĺbila po vypuknutí Ázjskej krízy v roku 1997 a spomalení globálneho ekonomického rastu.

Vzhľadom na tento vývoj došlo taktiež k zmenám na japonskom pracovnom trhu. Medzi hlavné tendencie môžeme zaradiť štrukturálne zmeny na trhu práce, zmeny v celkovom vnímaní zamestnania, ale i zmeny v postavení žien v ňom. Vzhľadom na starnutie obyvateľstva v krajine, inovácie a IT revolúciu vznikajú nové druhy zamestnaní. Situácia v Japonsku je do značnej miery podobná situácii na Slovensku. Spomalenie ekonomiky, štrukturálne zmeny hospodárstva viedli k výraznému poklesu životnej úrovne a kritickému rastu úrovne nezamestnanosti. K hlavným faktorom ovplyvňujúcim mieru nezamestnanosti môžeme zaradiť nízku úroveň hospodárskeho rozvoja, legislatívy, edukácie, taktiež nízku mobilitu pracovnej sily. V oboch krajinách sú výrazné regionálne disparity.

Regionálne plánovanie je jeden z najdôležitejších nástrojov konsolidácie ekonomického systému krajiny. Japonsko využíva pre riadenie ekonomického rastu špeciálne prístupy. Na makroekonomickej úrovni je jednou z aplikovaných metód päťročné plánovanie (National Comprehensive Development Plans). Popri štátnej podpore hrá významnú úlohu plánovanie a rozvoj riadený prefektúrami. Prefektúry iniciujú tvorbu vlastných inštitúcií a taktiež vznik vlastných vedeckých centier. Na druhej strane regionálne plánovanie je v Slovenskej republike na veľmi nízkej úrovni. Aj to je jedným z dôvodov narastajúcich sociálnych a ekonomických problémov.

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*Katedra humánnej geografie a demogeografie, Univerzita Komenského v Bratislave, Prírodovedecká fakulta, Mlynská dolina, 842 15 Bratislava 4*  
**e-mail:** bucek@fns.uniba.sk, antl@fns.uniba.sk

## スロバキアと日本の近年の社会・経済の変容

ロバート・アントル、ヤン・ブチェック

この論文はスロバキアと日本における近年の社会経済の変容および国土・地域開発計画の動向を扱う。両国とも近年マイナス成長を記録し、それによるさまざまな悪影響もみられ、経済は厳しい状況にある。日本は第二次世界大戦後、keiretsuと呼ばれる製造業と金融の緊密な協力体制のもと、急速な経済成長を実現し、GDP 成長率は年に約 10%にも達した。しかしながら、1980 年代半ばになると、輸出の停滞、国外（主に東南アジア）への投資拡大が生じた。1980 年代から 1990 年代初頭における不適切な経済政策は今日の景気後退の原因となった。1997 年のアジア経済危機、そしておそらく 2001 年の 9.11 事件、アメリカの会計スキャンダルを経て、日本の不況はますます悪化している。近年の日本の社会経済変容の大きな特徴のひとつは労働市場における新たな展開である。年齢構造など労働力の基本構造の変化、仕事に対する考え方の変化、女性の地位の変化などが生じている。新たな職種ができる一方、失業率は急速に上昇している。こうした状況は、体制移行から 12 年経ったスロバキアともよく似ている。スロバキアでは、市場経済への経済体制転換と GDP のマイナス成長は、人々の生活水準低下と危機的なまでの失業率上昇をもたらしている。未熟な経済システムと法制度、教育の質の低さ、移動性の低い労働力、不明瞭な土地所有制度などは、いずれもスロバキア経済の停滞の主要な要因である。開発計画は一国の経済システムを統合・強化するためのもっとも重要な手法のひとつである。日本では経済成長を制御するために独自の計画手法が用いられ、国レベルでは、全国総合開発計画などのさまざまな長期計画が策定された。また、地域レベルの開発計画においては、国だけでなく都道府県も、インフラ整備や制度環境の整備に重要な役割を果たしている。開発主体を県が独自に組織することもあるし、県が独自の研究学術都市（サイエンス・シティ）を計画することすらある。一方、スロバキアでは、こうした開発計画は 1990 年代末まで存在しなかった。開発計画の欠如も、移行経済下のスロバキアでこれだけ多くの問題が発生する重要な要因である。