

# RELATIONSHIPS BETWEEN CHANGE IN LOCALITY AND THE ADMINISTRATIVE CONSOLIDATION IN THE KASHIMA SEASIDE REGION

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*Abstract* In Western countries the studies which discuss relations among globalization, place, and policy have appeared since the 1980s. These were called locality studies. Although the Japanese national government recently fostered administrative consolidation from the view of neoliberalism, locality studies seem to have been few. Therefore the purpose of this study is to discuss the relation between political process of municipalities for administrative consolidation in the Kashima Seaside region and globalization. The Kashima Seaside region has been developed since the 1960s, and many factories have been located there. However the business of these factories has depressed since the 1980s because of globalization. In Kashima Town the business of Sumitomo Metal Industries, Ltd. which represented the industry of the town, was depressed so that the tax income for the town government decreased. Hence the town merged into Oono Village which was next to Kashima Town to improve the base of public finance in 1995. However the base of public finance in Kamisu Town, next to Kashima Town, has not been as poor as that of Kashima Town so that Kamisu Town has remained not to be consolidated. The difference in the base of public finance between Kashima and Kamisu Town derive the borders in the Kashima Seaside region.

**Key words:** locality, administrative consolidation, globalization, Kashima Seaside Industrial district, public finance of local government

## 1. Introduction

Human geographers in Western countries have discussed the concept of place, the diversity of place and the effectiveness of regional geography since the 1980s, because of globalization and the development of information technology. For example, Agnew, Johnston and Taylor indicated that the diversity of place was temporally formed with showing neighborhood effect in election. Such academic tendency was promoted by Structurization Theory of Giddens. It is the theory that a place is structurized by agents being communicated each other in everyday life; therefore the diversity of place remains under globalization. Furthermore a place is organized as municipality, therefore each place are diversified by a policy of municipality. From this perspective, Massey (1984) discussed how the transnational corporations took into consideration the social and political diversity of places where they were located.

Furthermore, neo-liberalism or neo-conservatism emerged along with globalization in Western countries since the 1980s. Cooke (1989) discussed how globalization and the policy of

neo-conservatism (Thatcherism) forced industrial structure of localities to be changed. These studies discussed the interrelation between globalization and the politics of place, and they are referred as locality studies. Yamazaki (2001) reviewed the politico-geographical studies in Western countries and he suggested that Japanese geographers should introduce the view of politics of place. This is because many Japanese geographers have traditionally studied at a small scale.

By the way, globalization has influenced industry in Japan. In the period of rapid economic growth, especially in the 1960s, the national government has accelerated the developing policy, so that many complexes and factories of heavy industry were distributed. However the business of heavy industry declined because of the oil crisis in 1973 and drastically increased the value of yen in the last half of the 1980s. In regional sociology, Hasumi and Nitagai (1993) showed that the industrial structure and the management of Fukuyama City, Hiroshima Pref. changed with the decline of the business of Nippon Koukan which was the company of heavy industry. In geography, Kagawa (2001) studied the change in locality along with industrial urbanization and the politics around pollution problems.

Because of globalization and the decline of heavy industry in Japan, national public finance has declined so that the national government has promoted decentralization and administrative consolidation along with the view of neoliberalism in recent years. However, the studies on the relation between globalization and administrative consolidation have been a few, for instance Arai (2003) in Japan.

Consequently, the purpose of this study is to discuss the relationships between the administrative consolidation in the Kashima Seaside region and globalization. The tax revenue of local governments in this region has been decreased by the declining of industry along with globalization so that local governments were forced to be consolidated. The Ibaraki University Regional Research Institution (1974) and municipal histories in this region discuss the reform and change in local governments in this region.

## **2. The change in locality in the Kashima Seaside region**

The Kashima Seaside Region in Ibaraki Prefecture is about 90 kilometers from Tokyo (Fig. 1). This region has been developed by Ibaraki Pref. since the 1960s. Before the development, this area was rural. In the Kashima region, Kashima Town took a central role as a center of tourism and commerce because of Kashima Jingu (Kashima Shinto Shrine). Although Kamisu Town had factories which made starch from sweet potato, the number of them has decreased by the deregulation of importing beet in 1964. Hasaki Town was much related with Choshi City, in Chiba Prefecture which was a center of fishing and commerce.

Ibaraki Prefecture considered Kashima region as less developed area because of its vast sand area, depressed coastal fishing, and flood. Hence Ibaraki Prefecture made a development plan for this region since the 1950s. This region was a seaside area and had abundant water resource so that Ibaraki Prefecture expected to develop these natural resources. The plan was to construct a port at the sands area and to construct a complex and factories of heavy industry around the port. In 1963, this region was selected as the Special Region of Developing Industry by the national government so that the development of this region was accelerated. This area spreads over Kashima Town, Kamisu Town and Hasaki Town, but Kamisu Town has most of the area.

In 1968, the business of Sumitomo Metal Industries, Ltd. (SMI) started and many other factories have been located in this area in the 1970s. SMI imported raw materials and mainly made steel plate, then exported them for Asia, North America, and Europe. The location of SMI took

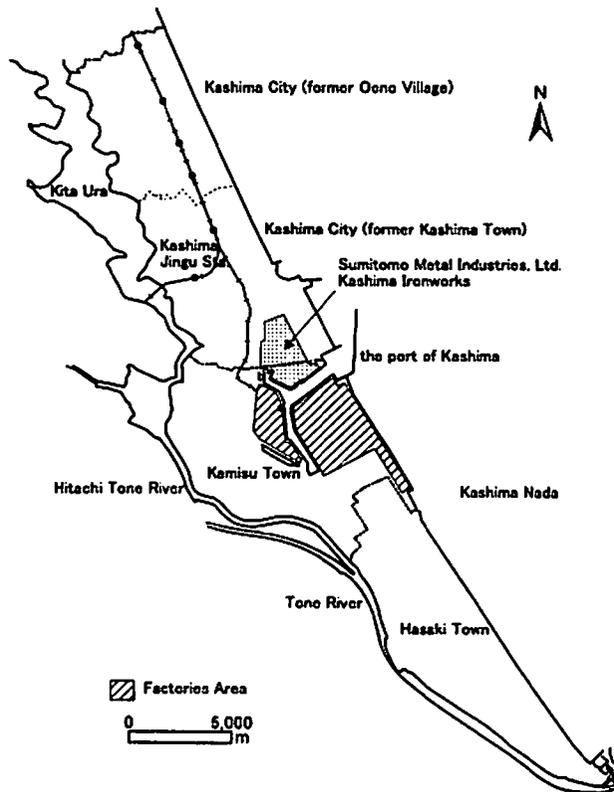


Fig. 1 Study Area.

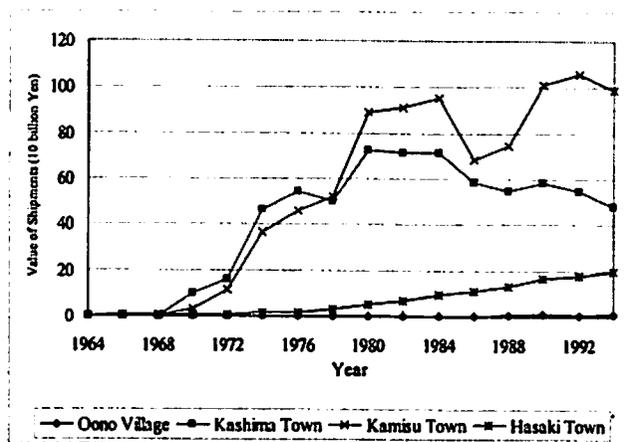


Fig. 2 The change in value of shipments in the Kashima region.  
Source: Department of Planning, Ibaraki Prefecture.

advantage of such business. Therefore the value of shipments from the Kashima Seaside Industrial district increased (Fig. 2) and Fig. 2 shows the increase particularly in the 1970s.

Furthermore the population increased in three towns and Oono Village so that the number of laborers and students traveling to Kashima and Kamisu towns from Oono Village and Hasaki Town increased (Fig. 3). The increase was significant from 1965 to 1975 in Kashima and Kamisu towns. In Oono Village, the ratio of persons who made journey-to-work to Kashima Town increased from 4% in 1965 to 26% in 1975. Moreover in Hasaki Town, the ratio of persons who made journey-to-work to Kamisu Town increased from 0% in 1965 to 22% in 1975. In consequence the commuting area was formed among three towns and a village.

The development in the Kashima region also contributed the increase of corporation tax

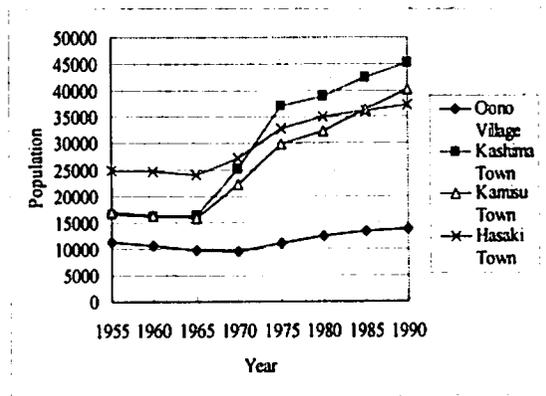


Fig. 3 Population change in Oono Village and Kashima, Kamisu and Hasaki towns.

Source: Population Census 1955-1990.

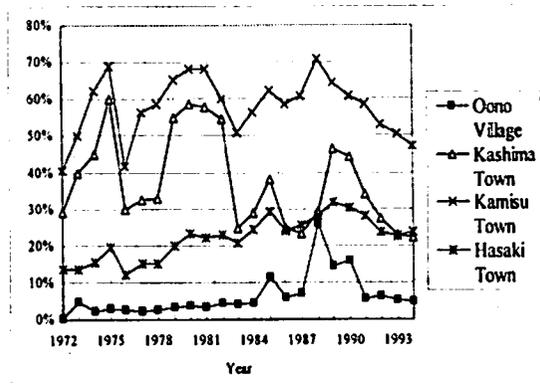


Fig. 4 The proportion of local tax revenue from companies to all local tax revenue in Kashima region.

Source: Department of General Affairs, Ibaraki Prefecture.

revenue in Kashima and Kamisu towns (Fig. 4). In Kashima and Kamisu towns, the ratio of local tax revenue from companies to all local tax revenue accounted for more than 60% until 1975. However Oono Village was not included in the development area and had few factories: tax revenue of the village was little. Both towns constructed many public facilities with enough tax revenue from the 1970s. However the drastic increase in population in both towns stopped in 1975. Furthermore the proportion of corporation tax revenue to all local tax revenue decreased from the 1980s in Kashima Town (Fig. 4).

### **3. The political process of administrative consolidation in the Kashima Seaside region**

In 1990, Ibaraki Prefecture, the municipalities of Kashima, Kamisu and Hasaki and companies located in the Kashima Seaside Industrial district started to support the Sumitomo Metal Industries Soccer Club that would affiliate to the professional soccer league (J-league). The reason was as follows. The degree of increasing population in three towns from 1975 to 1990 was less than that of anticipated before, so that the population in Kashima Seaside Industrial district was far short of the object of increasing population. Ibaraki Prefecture thought that the reason of this was lack of amusement in three towns. By the effort of them, the affiliation was succeeded. In 1993 when J-league started, Ibaraki Prefecture, Kashima, Kamisu and Hasaki towns have a first convention about administrative consolidation of three towns. In 1994, Oono Village joined this convention, and three towns and a village agreed to consolidate by 2000.

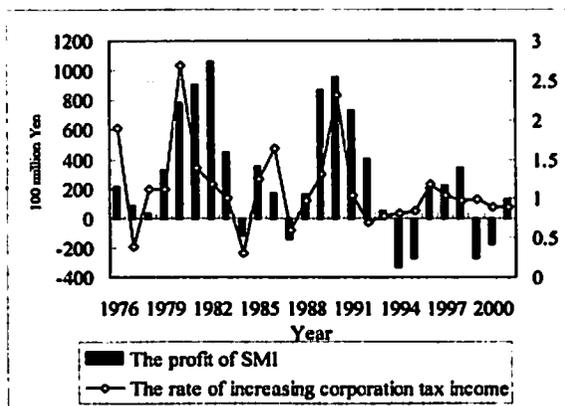
However the mayor of Oono village asked Kashima Town to annex the village during his term soon after the convention. Although the population increased in Oono Village, the village had less tax revenue. Oono Village wanted to improve the base of public finance by being annexed to Kashima Town. Although Kashima Town suggested Kamisu and Hasaki towns to meet in the convention about immediate consolidation of three towns and a village, Kamisu Town wanted to consolidate only three towns firstly. The reason seems that if Kashima Town would be given the city status because of annexing Oono village, Kamisu Town become disadvantage at the convention about the incorporation of the city and Kamisu Town. Hence Kashima Town started convention about annexation of Oono Village. In the Kashima Town council, twenty-six councilors were divided between those who agreed with the annexation of Oono Village and those who agreed to consolidate three towns. However five councilors recommended by SMI supported the annexation of Oono Village, so that Kashima Town could annex Oono Village in 1995. Consequently Kashima Town was incorporated as a city by this annexation.

After the annexation, the Junior Chamber in the Kashima region called on Kashima City, Kamisu and Hasaki towns to be consolidated. Although the Kashima City council and the Hasaki Town council declared promote the consolidation, the Kamisu Town council did not support this consolidation. Hence the consolidation of a city and two towns collapsed after all.

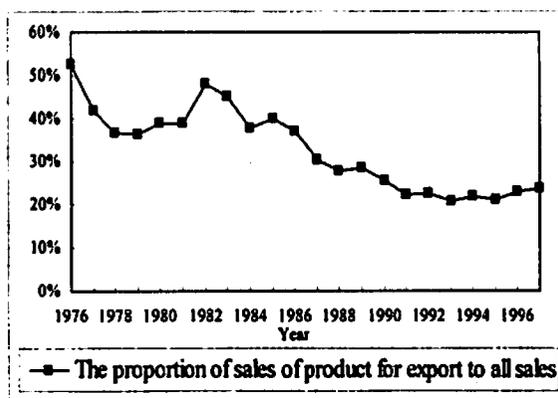
### **4. Discussion- the influence of globalization in the Kashima Seaside region and the consolidation of municipalities in the region-**

Although the Kashima Seaside Industrial district has developed as heavy industrial region, heavy industry in Japan has been suffered by globalization and rising value of yen since the last half of the 1980s. Thus in order to discuss the administrative consolidation in the Kashima Seaside

region by globalization, change in the business of SMI is firstly discussed. The reason is as follows: in 1994, metal production accounted for almost all (93%) of the value of shipment in Kashima Town. Moreover from the number of laborers, it seemed that SMI represented the industries of Kashima Town. Before the consolidation of Kashima Town, the company became deficit in the accounts in 1984, 1987 and 1994 (Fig. 5). Moreover the proportion of the sales of product for export to the all sales of SMI has been reduced since 1982 (Fig. 6). This proportion decreased from about 50% in 1982 to about 25% in 1990. Therefore it seems that globalization has been influencing the business of SMI.



**Fig. 5** The change in profit of Sumitomo Metal Industries and rate of increasing corporation tax revenue of Kashima Town.  
Source: Financial Statements of SMI, Department of General Affairs, Ibaraki Prefecture.



**Fig. 6** The proportion of sales of products for export to all sales in Sumitomo Metal Industries.  
Source: Financial Statements of Sumitomo Metal Industries.

Secondly when the change in the business of SMI and the change in ratio of increasing corporation tax revenue are overlapped, it is clear that when the business of SMI slumps, the ratio of increasing corporation tax revenue in Kashima Town becomes low (Fig. 5). Hence it is obvious that the tax revenue of Kashima Town was dependent on the business of SMI. SMI became deficit in the accounts in 1995, 1999 and 2000 after the consolidation of Kashima Town and Oono Village: therefore it seems that the business of SMI continually suffers by globalization. It seemed that Kashima Town took into consideration the business of SMI and the improvement of the base of public finance so that Kashima Town decided to annex Oono Village.

As mentioned before, Kamisu Town did not support the consolidation of the city and neighboring two towns after the consolidation of Kashima Town and Oono Village. Why did not Kamisu Town support the consolidation? Kamisu Town has more varied factories than Kashima City and it does not seem that a particular company represents the industry in Kamisu Town. For example, the value of shipment of chemical sector in Kamisu Town occupied 27.5% of the total shipment in 1970. In this year, the value of shipments of metal sector in Kashima Town occupied 96.2% of the total shipment. Similarly, the value of shipment of chemical sector in Kamisu Town occupied 51.5% of the total shipment in 1990. In this year, the value of shipment of metal sector in Kashima Town occupied 93.3% of the total shipment. Moreover, although the value of shipment in Kamisu Town has been increasing, it has not increasing in Kashima Town. In Kamisu Town the ratio of tax revenue from companies to all tax revenue is still much larger than the one in Kashima Town. Therefore, Kamisu Town still has the abundant public finance although corporation tax revenue of Kashima City becomes small.

The difference in the number and variation of factories and the conditions of public finance between Kashima City and Kamisu Town was attributed to the process of the development of Kashima Seaside Industrial district. Kashima Town protested the way development plan so that the consolidation in this region was difficult. Hence the borders of municipalities in this region have remained the same until 1995 so that the borders have shaped the distribution of three towns' resources as tax revenue from companies. Consequently the merger of Kashima Town and Oono Village, keeping Kamisu Town independent, derived from the borders in this region.

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