

Fukuoka City's Effort and Effect of National Strategic Special Zone for Global Startups & Job Creation

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1. Introduction

Japanese Prime Minister Shinzo Abe started the second cabinet on 26th December of 2012. He proposed the idea of national strategic special zone as a growth strategy in his “Abenomics”¹. The cabinet aimed focusing special areas and breaking “bedrock” regulations there.

Fukuoka City applied at the first year of this policy. The purpose of application was global startups and job creation. “The adaptation was announced on 28th March of 2014 and took effect on the first May of the same year. This effort, therefore, continued for four years till this year.

This paper surveys Fukuoka City's effort of this policy and estimates the effect.

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¹ Abenomics's three arrows were monetary easing, fiscal stimulus and structural reforms.



2. Tools of Job Creation

When a local government intends job creation, it has to choose the policy direction. It can take a direction of protecting traditional industries. This can be called “backward” direction. The local government can also choose another direction of making new industries. This should be called “forward” direction. Fukuoka City has had no large manufacturing industries for a historical reason. Therefore, it is very natural for the city government to take “forward” direction.

Daimyo Elementary School had closed its 140 years history in March of 2014. Fukuoka City renovated the building and opened “Fukuoka growth next”. This is the platform center of startups policy. Fukuoka City moved Startup Café (started on 11th October of 2014) and Fukuoka Employment Consultation Center (started on 29th November of 2014) into the same building.



In Startup Café, a “conciierge” makes consultation for those who want to start their own business. FECC always has lawyers and social insurance and labor consultants. They support arrangement of employment circumstances.

Fukuoka City supports not only Japanese people but also foreigners. It began to issue “startup visa” on 9th December of 2015. It serves this kind of visa, FECC and city tax cut to foreign entrepreneurs.

3. Effects of Job Creation

Fukuoka City calls its deregulation “Tenjin² Big Bang”. It is encouraging “scrap and build” of Tenjin area buildings. Thirty buildings will be rebuilt in ten years from 2015. Total floor space is estimated to increase from 444,000 square meters to 757,000. Employees will increase into 97,100 persons from 39,900. Newly born knock-on effect³ is estimated 850 billion yen a year. Fukuoka City is considered to

² Tenjin is the area name of Fukuoka downtown.



serve physical infrastructure for job creation by doing this.

Fukuoka City also tries to serve intangible infrastructure. We often call such a thing “social capital⁴”. The term “social capital” means some social asset which is capitalization of economic effect raised by human relationship. Japanese people call this “Machi no Nigiwai” (liveliness of the street)”. Fukuoka City sponsors Fukuoka Street Party held in “Kirameki” (shining) street of Tenjin area every year.

4. Conclusion

In the past, John Maynard Keynes was focused as the great theorist of employment. Joseph Alois Schumpeter, however, is paid attention even in

³ Construction investment will directly bring about 290 billion-yen effect for ten years.

⁴ Putnam (1993) proposed “social capital” concept in this meaning. But Solow (1999) and Arrow (1999) criticized the usage of word “capital” to represent the density of social relationship.

employment side nowadays. Schumpeterian theory is supply side. It is in opposite side of demand theory of Keynes. Schumpeterian economists insist education and training of workers. Workers have to be able to deal with various innovations. Now many innovations are carried out not in manufactures but in environment, research and medical treatment. Constructive destructions happen in the fields every day.

It is entrepreneurs that execute constructive destruction. Coordination by the government, however, is also necessary for smooth behavior of entrepreneurs. Fukuoka City's role is obviously important.

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Websites

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