

To Perfect China's City Management System by Comparing with Japan's Experience and Use It for Reference

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Abstract:

It has become an irreversible developing trend in the 21st century, to face the world economic globalization, the grouping of regional economy and the world political multilateralism. This article is to compare with and draw lessons from Japan's successful experience in city management from three aspects: regional economic development and city management, city industrial management policy, city industrial distribution management policy. It will play a significant role, both theoretically and practically, in China's establishing modern city management system.

Key words : city management system City regulation
Regional economic development

A modern city is a spatial, geographical system with the intensity of population, economy, science, and culture. It is a human-centered one with the characteristic of spatial utilizing and the aim of centralizing economic benefit. In this system, each factor is mutual-checking and mutual dependent to promote the city's development.

The city management system includes static and dynamic factors of time and space at a micro and macro level, which are interrelated to make the city a human-centered, dynamic and open system in terms of time, space and material. These factors also bring cities the problems characterized as dynamic, correlation and integration. Therefore,

the administration and management of city problems must base on systematic investigation and analysis throughout the country, and focus on organizational coordination, social management, economic cooperation and comprehensive balance. Partial and specific problems should be observed and solved in a way of strategy, integration.

Japan has attached great importance to city management and has established a comparatively complete city management system. It has gained experience and received remarkable effects in promoting economic development. This system played an important role in accomplishing economic modernization in the early 1970s. Great success as China has achieved through reform and opening, the gap between the levels of China's regional economic development has been enlarged. It makes sense, theoretically and practically for China, to learn from Japan's successful experience and patterns in city management when establishing modern city management systems. By doing so, we can fasten the connection with the world, carry out the nation's knowledge innovation project, strengthen China's technology competitive ability, complete China's management system and accomplish city sustainable development in the 21st century, that is, the harmonization and uniform of human-nature-economy-society-environment.

I. Comparisons of Sino-Japan's major experience in economic development and city management and the reference

1. The main experience of Japan's regional economic development and city management

(1). Having clear objectives and intense pertinence.

At the first stage when economy grows at a high speed, the government's policies incline to the Pacific Belt Industrial Area in order to make the market more efficient in allocating resources and pursuing a much quicker economic development. At the last stage, however, the government converts its policies to regional coordinative development with the aim of eliminating over-scarcity or over-density in economic distribution and of decreasing the economic gap between regions.

(2). The indirect government-oriented intervention.

The government intervenes every aspect of the economic running by carrying out industrial policy, economic planning and comprehensive exploiting plans. The economic plan emphasizes on predicting and controlling the economic growing speed; the industrial policy focuses on selecting and nurturing important industries; while the comprehensive exploiting plan lays particular attention to regulating the country's land and developing with balance. At the same time, the central government has strong power in controlling economy and the central finance accounts for 70% in the whole financial revenue, which enables the central government to promote the economic development in over-dense areas by changing regional

allocation of transfer payments in different periods, or by decreasing taxes and carrying out price subsidy in less-developed areas. Meanwhile, the financial system of the central government, including the Japanese Exploiting Bank and the Japanese Import and Export Bank, provides favorable loans to stimulate the economic development in less-developed areas.

(3). Infrastructures, like transport, communication and electric power, are taken into account and large exploiting projects are supported by financial aid, so that the regional economic development is promoted.

In the early period of the high-speed development, the government invested mainly in the Pacific Belt Industrial Area, as much as approximately 50 percent of the infrastructure fund of Japan. The government expanded dry land by filling the sea, built roads and attracted and congregated private capital to the area. In the late period, the government transferred its investment to constructing living and cultural infrastructures in less-developed areas, improving living qualities, reassuring local workers and promoting the industrial transfer from developed areas to undeveloped ones. At the end of high-speed increasing period, the government lays emphasis on the function of high-tech project construction in the cities where are comparatively less-developed but possess better environmental condition. Zhubo, as an example of high-tech-intensive areas, was established. From 1956 to 1985, the investment in Japan's industrial infrastructure added up to Yen 600 trillion, with the annual investment in this respect accounting for between 3% and 4% of GDP of the year.

(4). Remarkable effect is gained by accomplishing regional economic development policy.

The mark is that the economic development gap between different regions has been apparently narrowed and that regional coordinative development has paved the way for Japan's sustainable and steady economic development. So far Japan has taken the first place in GNP per person in the world by surpassing Switzerland and it has become the second power in the world economy with its whole economic scale being 70% of that of America. Such achievements can't be separated from the performance of the effective regional economic development policy.

2. Comparisons of Sino-Japan's regional economic development and city management and the reference

Generally speaking, the problem of the regional gap in economic development is what the western industrial countries attempt to solve by formulating regional development plans. Japan has, in making state-land planning for five times after the 1960s, invariably targeted to prevent its population from exploding. In the making of its several five-year-plans and the tenth five-year-plan after the reform and opening, China has always regarded the regional economic development as an important part but was confused at the core problem of what the regional economic development and city management should intend to solve. It manifests itself as follows:

(1). From the aspect of management system.

Japan's central economic plan and material plan (land exploitation plan) are separated. They are

compiled and implemented by the Project Bureau and the Land Bureau respectively, but the contents of the two plans correlated and coordinated. Local governments, like Aizhi County, unified the two plans into the Comprehensive Exploiting Plan, which was made and implemented by a certain department in the project bureau.

In China, the planned management system and organizational structures are unified nationwide, and the time and procedure of plan makings are same. But both economic plans and material plans (land plan and regional plan) are separated in the central and local governments' practice. Although it is demanded in principle that land plan, city plan and region plan should be included in the five-year economic and social development plan and program, and should be carried out through yearly plan. The content, however, is in fact unlikely to be coordinative.

(2). From the aspect of main body of development.

The main body of regional development includes the government and the non-government, while the aim of the development was summarized by professor ChangFeng as three aspects: to strengthen the economic ability, to satisfy people's basic needs and to protect and improve the natural environment. Japan's regional exploitation was fulfilled by both the organization of regional governments and the participation of nongovernmental associations combined. In china, government plays the leading role in regional exploitation, which is done mainly by local governments but is controlled by central government. On the other hand, the non-governments take part in but have

little functions.

(3). From the aspect of the exploiting models.

Although China and Japan differ in their surface areas and populations, the exploiting models they adopted – the progressive exploiting pattern of Point-Line-Surface or Pole-Axis-Region, are quite similar. It means that several points of growth are to be chosen first and then cultivated into “developing poles” through favorable policies. And at the same time infrastructures like transportation and communication should be built so that “developing axis” could be created and therefore give rise to regional development.

(4). From the aspect of the implementing process and routine.

China and Japan have similar exploiting models, but their process and routine while implementing are different.

a. Different aims. The developing poles (exploiting points) were always set in undeveloped areas, for Japan’ regional developing aim is to keep it growing with balance. While China changed its developing aims: first from balanced development, which was adopted after the establishment of the country till 1978, and then was replaced by gap growth in the 1980s. From the 1990s, the developing emphasis was placed on accomplishing regional development with gap and coordination as well. Therefore developing poles, that is, the exploiting priorities, were chosen to be set in the northwestern, southwestern and northeastern regions, which includes the large-scale western exploiting, the rise of the middle areas, and the reconstruction and revival of the Old Fundamental Industrial Areas.

b. Different measures. Both countries adopt

region-biased policies, but the orientation is different. In Japan, the behavior of enterprises distribution in developed areas is restricted especially in the ready-built areas of big cities. On the other hand, enterprises are led to invest in less-developed areas and encouraged to disperse and transfer to undeveloped areas. The current policies in China incline mainly to three kinds of areas: coastal areas; remote and poor areas; and northeastern and northwestern areas.

c. Different results. Japan’s balanced development results in the gradual reduction of income gap between regions while in China the income gap tends to be enlarged.

d. Different phases. Japan is a well-developed country while China is a developing one, trying to catch up with and surpass the developed countries.

3. Revelation

The successful practice and constructive experience in regional economy and policy during the period of Japan’s high-speed growth are likewise very useful to China who is also in the same period.

(1). To increase the capital investment and support in less-developed areas on the basis of enhancing central government’s economic power.

The premises to increase the investment and the support in less-developed areas are to enhance central government’s economic power. Further to say, it means to raise the proportion of central finance in the Public Revenue so that the government will have the ability to support the exploita-

tion of the less-developed areas by transfer payment, investment subsidy, financial loans at discount rates, and investment risk fund. Since the 1990s, the financial power of China was too decentralized and the central financial power was too weak. After several alternations of the financial system, the proportion of the Public Revenue in GDP dropped from 26.7% in 1979 to 16.6% in 1992, and the proportion of central government revenue in that of the nation decreased from 57.6% in 1981 to 45.0% in 1992. Compared with China, the proportion in Japan in 1985 was 59.1%. From 1994, China began to adopt a separate tax system which was popularly used in the world. A part of the Public Revenue will be returned to the local through transfer payment, mainly taking the form of subsidy from the central to the local (including subsidies with or without terms and total subsidies), and of central and local governments joint venturing on firms and enterprises. The proportion of Public Revenue kept increasing year after year by implementing its separate tax system. It increased to 57.5% in 2003 and the power of transfer payment was reinforced, too. But judged from various factors, the intense situation of central finance cannot be improved essentially in a short time. As a result, it will be necessary to call for the social power to help the exploitation and construction of the middle and the western areas.

Besides, China should try to make it possible that its investment and financial loan policies play a role of controlling in regional economic distribution and support the projects encouraged by the country in less-developed areas. The proportion of direct investment to the developed areas should

be properly decreased and be transferred to less-developed areas. Large- and medium-sized projects, (the newly built and converted ones with the aid of direct financial investment and the loans from the three policy banks), should be primarily arranged to less-developed areas if under the some conditions. In poor areas and minority settlements, some main projects, which could take advantage of local resources and help to bring along the local economic development, should be arranged with plan and emphasis and be given necessary supports. What should also be done is to improve the economic environment in less-developed and poor areas, to make them more attractive to foreign investors and the ones from developed areas, and to lead the less-developed and poor areas to a road of independent development.

- (2). The less-developed areas should take the opportunity of infrastructures, such as transportation and communication, electric power, and human resources to develop itself.

Transportation and communication are primary sectors in economic development. It is the construction of infrastructure (transportation, communication and electric power) that contributes to the initial development in economy in newly-rising industrial countries and the exploitation the developed countries had in their undeveloped areas. Similarly, the poor transportation and communication are main bottlenecks in the economic development of undeveloped areas in China. Without it, there will be no suitable investment and living environment, not to mention the regional opening and the economic development. So in exploiting undeveloped areas, great consideration must be

given to the construction of infrastructures like transportation, communication and electric power. It is necessary to increase the investment in infrastructures in less-developed areas. And at the same time, individual capital and foreign capital might be guided to invest in infrastructural construction, taking the form of issuing bonds, running stocks and introducing BOT investment, so that the investment environment in poor areas can be improved and the local industrial development be prompted.

Human's makings have a decisive effect on economic development of the region, while the improvement of human's makings relies on education. The strategies, which are to put education in the first place, to improve labors' quality and to strengthen the exploitation and the use of human recourses, have received a great deal of attention and are widely taken by many countries. They also suit the development of poor areas in China. Meanwhile, China should pay attention to the cultural facilities construction in such areas, select to support some universities and institutions with sound foundation, introduce foreign capitals and also workers skilled in technique and management by conglomerating companies from abroad and developed areas, and enhance the employees' makings by establishing in-house employee training system.

- (3). Consideration should be given to the reform and revival of the Old Fundamental Industrial Areas in promoting the development of newly-started economic centers.

The increasing gap of economic development during high-speed developing period, combined

with the formation of a group of newly-started economic centers, inevitably leads to the decline of the Old Fundamental Industrial Areas, for large amount of product factors tend to gather towards newly-started economic centers which consequently put the Old Fundamental Industrial Areas into big trouble. Similar problems appeared in the adjusting and growing period in China. In the 1980s, economy in South China, whose center was gathered around Zhujiang Delta, developed quickly by taking the advantage of adjoining to Hong Kong and Macaw and sparing no effort to develop export-oriented economy. So successful was it to keep on developing at high speed that it was publicly recognized by the world as one of the fastest growing areas economically in Asia. Approaching the 1990s, economy in Yangtze River Delta sped up in the result of the leading effect from PuDong's exploiting and opening. In the meantime, economy in some old industrial areas, with their techniques far too out-of-dated and too many people out of their jobs, grew at a low speed and they gradually lost their industrial advantage. So-called Northeast Illness appeared in the three provinces in Northeast of China and various troubles befell such cities as Wuhan, Chongqing, Taiyan, Xi'an, Lanzhou and Baotou. The Old Fundamental Industrial Areas, which had made great contribution to the whole country in the process of the industrialization, are the centre of energy, raw material and mechanical manufacture industries, and possess a certain scale of economy advantages. A good number of them are located in central cities and have played the role of economic centers in regional economy and therefore are irre-

placeable in ensuring the economy to grow rapidly and continuously.

By referring to Japan's successful practice and under the unified leading of the present office for Northeastern Revival, the State Department, China should follow the reform and revival strategic program of the Old Fundamental Industrial Areas, make the use of central and local government and enterprises themselves to reinforce the reform of the Old Fundamental Industrial Areas. At present, the development in the northeast should be concentrated on major raw materials, and power like petrochemical, coal and iron; major outfit products presented by numerically-controlled machine tools, power transmission equipments, track vehicles, power generation equipments, heavy machinery; the military and civil combined products like planes, shipping and gas turbine; further process of agricultural products aiming at harmlessness to the public; advanced and newly-developed industries covering the industry and field of electronics, communication equipment manufacturing, software exploiting, biological techniques, air and space and medical equipments; modern medical industries including modern Chinese medicine, chemical raw material, medicine intermediate, and biopharmaceuticals. They should try every effort to establish modern industrial bases of coal, large scales of petrol-chemical, fine steel products, modern equipment manufacturing, advanced shipping and agricultural and sideline products with sound quality.

Secondly, china should pay attention to form new points of growth, nurture and develop new industries and products which can be achieved in

two ways: one is to introduce technique and foreign capitals, so that new firm groups, which meet the demand of industrial structure optimization, can be established. These enterprises should start at a high level and their technical equipment and products should be near or up to the world advanced level. The other way is to set up one or several newly-started industrial developing areas in the Old Fundamental Industrial Areas, where special preferential policies are to be carried out, to attract foreign capital and promote the newly-started industries to develop rapidly. As a result, not only capital, advanced technology and scientific management are introduced, but new industries come into being and more employment vacant can be created.

At last, the function of economic center, which the Old Fundamental Industrial Areas have been playing, should be strengthened; Third Industry should be developed and the industrial structures ought to be adjusted. The Old Fundamental Industrial Areas are generally central cities. The traditional city development strategies emphasize on turning consuming cities into producing ones. Under the guide of such strategies, some of the old industrial cities reduced to mere producing bases with single function, the role of economic center was prohibited, the radiate ability was decreased and those cities were stuck in a passive position when accelerated to adjust industrial structure. Measures can be taken to promote the industrialization of Third Industry and to cause industry hollowed in old industrial cities. That is, with the processing and manufacturing enterprises moving out, more space would be left for developing trade

and banking facilities, marketing centers and technique developing centers. Old enterprises, taking original factory premise and houses as their capital share, can develop into new economic entities and update their industrial structure by combining with the enterprises in commerce, trade, finance, science and technology.

- (4). Pay attention to the coordination between central and local authorities.

Attention should be paid to the coordination between central and local authorities in making and implementing the regional economic development policies and city management policies. In the light of the principle that general interest comes first, the local interest is subject to national one, and at the same time, present and long-run interest should be taken into account. The central government should make a comprehensive long-term program for the regional economic development while the local one cannot conflict with that of central authority. In this aspect, phenomena - inter-investing, competing for policies and comparing unwisely, for example - are resulted from over-emphasizing standard interests and should be avoided.

Central authorities may try disregarding administrative confines between regions to plan for developing areas so that local government's intervention could be reduced.

- (5). Work out regional economic development policies and city management policy system of Chinese characteristic by referring to Japan's experience.

China issued national industrial policy in 1994 and clarified the priority of industry and policies

concerning industrial structure, technology, organization and distribution. According to international experience, however, china should not ignore formulating policies of independent regional development and city management, for they have different working fields and methods, and they are complementary in nature and, therefore, should not be biased.

Compared internationally, high-speed growing periods are the fastest time when regional gaps are enlarged and the contradiction - resulted from gap development between regional economies - are getting more serious. In China, the fact that how long the high-speed economic growing period will maintain and whether the arrival of its ending will be postponed depends on how well contradiction of all kinds (resulted from high-speed economic growth), especially the contradiction and conflict of interest between regions, could be solved. Policies of regional economic development of the country and city management are the most effective policy tools to solve the regional contradiction and conflict of interest.

II . A comparison of Sino-Japan management policies for industrial layout of cities

For the details, refer to *The Comparison Research of Regional Economy Development Between China and Japan*, an article in *Research For North Asian Economy*, Issue No. 2·3 Volume 63, January the year of Ping Cheng 17, sponsored by North Asian Economy Academy of Japan's Shankou University.

III. A comparison of Sino-Japan industrial management policies between the cities of China and Japan

1. Main experiences of implementing industrial management policies in Japan

The successful experiences achieved in implementing industrial management policies can be summarized as follows:

- (1). Always take the general economic development strategy as their start and policy goal.

Japan adopted industrial revival policy centered with inclined production method when Japan set economic revival and economic surpass as a general goal in the early years after the war (1945-1955). The industrial management policy made efforts from the following aspects: first, to choose and form the most beneficial industrial structure style. Second, to bring along economic prosperity on the whole through emphasized development. Third, to promote the reform of industrial technology like draft industrial technology policies and formulate industrial depreciation system. At last, increase investment benefits and promote the production aggregation. From 1955 to 1971, Japan had been growing economically at a high speed for as long as 15 years. During this period, Japan's industrial structure altered in two aspects: first, a policy of "to base the state on trade" was established and made it basic standpoint of Japan's industrial policy. Second, industrial support policies were made. These policies focused on supporting newly-growing industries, manufacturing industries, export-oriented industries and structure transferring industries. After the 1970s, Japan's industrial manage-

ment policy was changed in response to the fact that its surpassing aim in economic development had been accomplished and the general aim was to keep its leading position and the economic growing trend. The economic development in Japan experienced a period of industrial adjustment from the "petrol shock" in 1973 to the "square agreement" in 1985. In this period, the industrial management policy of Japan was mainly reflected in several areas such as energy adjustment policy, inflation suppressing policy, declining industry adjustment policy and the policy of conducting industrial structure to transform into technique-intensive style. Since 1985, Japan's economy began a period of structural transformation. In this period, the industrial policy showed in three aspects: first, domestic demand was stimulated so that the economic pattern of export priority could be transformed into domestic demand pattern. A strategy, dominated by enlarging domestic demand, was adopted so that international relationship could be coordinated. Second, overseas investment increased at the advantage of the appreciation of JP. Yen. Third, investments in social security increased and people's welfare was enhanced.

- (2). Every department cooperates closely in the process of drafting and implementing industrial management policy.

The impact upon the drafting and implementing of industrial management policy came from: (1) every industrial sector of the government; (2) comprehensive government sectors in coordinating industrial relationships; (3) nongovernmental industrial organizations; (4) every industrial censorship and financial capital groups. In formulating indus-

trial management policy, the administrative sectors played a role in drafting and implementing legislative documents on specific industrial development and; drafting policies concerning preferential tax and tariff protection in specific industries and; examining and approving new production equipment in industries following censorship. Policies and bills drafted by every province or administrative sectors and discussed and coordinated within the province, were to be submitted respectively according to contents to relative sectors in Dazang province. These sectors would take charge of the overall adjustment inside the government and then sent them to legislative institutions of the government cabinet for further coordination from the aspect of law. If there was no particular reason available, Dazang province or the government cabinet was unlikely to change the decision and requisition made by the provinces. When drafting details of industrial management policy, provinces and bureaus would always consult every related board of examining, discussing or investigating in advance and then made decisions on policies according to the consulting reports.

- (3). Implementing industrial management policies by powerful means of law, economy and administration.

Many major industrial management policies of Japan were established by legislatives, which illustrated that the policies were authoritative and unshakable. For example, the Temporary Measurement of Mechanical Industry Revival in May, 1956 and the Temporary Measurement Law of Specific Mechanical Intelligence Industry

Revival in June, 1978 were all appeared in the form of legislation. Such is economic method that using economic leverages - finance, taxation and price - to induce enterprises to act in accordance with the intention of government's industrial management policy. Financial subsidies, tax preference and credit support, for instant, are all regular economic methods. Administrative methods, like foreign exchange quota and enterprises examining and approving system in the economic revival phase, are rigid measures. Administrative measures combine using the "soft" and "hard" measures. Apart from the latter, there are soft ones like providing some enterprises with the information on industrial developing prospects and industrial organization negotiation. Particularly, the governmental and nongovernmental coordination system is a feature of administrative methods, under which many contradictions and fictions can be solved through negotiation instead of resorting to the law. What's more, enterprises are willing to consider the suggestions which have no legal restraints from the government. It reflects the special relationship between the Japanese government and enterprises and also illustrates the high prestige the government enjoys among enterprises.

- (4). Pay attention to nurture in enterprises the ability of independence.

Either in promoting the growing industry or restraining the recessionary one, Japan's government paid special attention to cultivate the ability of independence and never allowed the supported industry to depend on the country for a long period time. Here's their practice: first, government

provided support only in the most critical developing phase, instead of undertaking all the responsibilities throughout the industrial development. Second, government set a deadline for supporting to accelerate industrial independence. Third, government made enterprises to be exposed to competitive pressure by pushing them to markets.

- (5). Use industrial supporting policy and industrial adjusting policy in turn and always convert emphasis to keep sustainable and stable growth.

What the government focused on supporting varies in different phases of the Japan's economic development. Structural transformations and updates can be accomplished and the whole economic growth is kept stable by the shift of the emphasis. In the 1950s, the support emphasis was on coal and shipping building industry, it shifted to steel in the 1960s, automobile in the 1970s, and electronics in the 1980s. This ensured the economic growth to be led by dominant industry which played the role of railway engines. Once an industry appears to be declining, adjustment in advance will be carried out immediately to avoid the backward function it might have in the whole economic development.

2. Main problems existed in China's industrial management policy

The theory of industrial management policy has been widely spread in China since the mid 1980s and was applied to specific policies. Compared with the successful experience of Japan's industrial management policy, the problems and gaps existed in China were quite obvious, which can be seen

in the following aspects:

- (1). The industrial management policy itself was far from precision and lack of maneuverability.

Decisions on Main Points of Present Industrial Policy, Chinese first formal and standard document on industrial management policy, was issued by the State Council in March, 1989. It was a big leap for China to conduct economic development by using industrial management. But as far as the content was concerned, it only listed a series of product catalogues, classified several programs that were to be refrained from developing or encouraged to develop, and it made some regulations of principle. But to some extent it was unlikely to put it into practice since it was not objectified. The Summary of the Country's Industrial Policy in 1990s was issued in April 1994 by the State Council as a guidance and basis of making every industrial policy later on. A series of specific industrial policies were put forward in The Ninth Five-Year Plan and The Program of Long-Range Goal In 2010 Concerning National Economy and Social Development, which was passed by the Eighth People's Congress the Fourth Meeting in April 1996. Since 1990s, China has made laws, regulations, rules and other standard documents in succession, containing or reflecting related industrial policies. Here are some of them: The Decision on Accelerating the Growth of the Third Industry of the Central Committee of the Communist Party of China and the State Council (1992); the Law of Science and Technology Development (1993); Industrial Policies on Automobile Industry (1994); Temporary Rules for Guiding Foreign Investment

(1995, replaced in 2002 by the Regulation in Guiding Foreign Investment); Law in Promoting the Transformation of Scientific and Technological Outcomes (1996); Water Conservancy Policy (1997); Decision on Strengthening Technology Renewing, Developing High Technology and Accomplishing Industrialization of The Central Committee of the Communist Party of China and the State Council (1999); Several Suggestions on Adjusting the Present Agricultural Industrial Structure (1999); Several Policies on Encouraging Software Industry and Integrated Circuit Industrial Development (2000); Suggestions on Accelerating the Development of Environmental Protection Industry (2000); The Content of Advantageous Industry Invested by Foreigners in Middle and West Areas (2001); Suggestions on Several Policies and Measurement for Accelerating the Development of the Service Industry During the Tenth Five-year (2001); Policies on National industrial Technology (2002); Bill on Promoting Clean Production (2002); Bill on Promoting the Development of Small and Middle-sized Entrepreneurs (2002). It illustrates that China's ability of making industrial management policies has been gradually enhanced. It plays an active role in adjusting the industrial structure, promoting the quality of industrial organization, industrial technology level and then promoting the transformation of economic increasing methods. But the main problems existed in implementing industrial management policy were manifested as inadequate level of legislation. The present industrial management policies in some basic and important fields have not been included in strict law adjustments.

Some of them are just sheer policies which exist as certain standard documents and lack responsibility system and guarantee of law nature. It is not practical for the industrial management policy to promote industrial development effectively if it itself is not complete.

(2). the implementation measures of industrial management policy are inadequate.

First, most important industrial management policies in China are administrative papers of government and functional sectors which are not government regulations and cannot act as laws. As a result, with no legal basis, it lacks authority in the implementing process. Second, as there have been no concrete implementing rules and regulations so far, it is difficult to carry out the industrial management policy. Thirdly, it lacks effective economic measures in the aspects of finance, tax, banking and trade, as no support or preference are reflected.

(3). Some basic social conditions are expected to be improved to implement industrial management policy.

First, there are deficiencies in economic systems. For example, there has long been existing in the contradictions between the central and local authorities. The latter, driven by economic interest, are obviously unwilling to act as what the industrial management policy requires. Second, the law system is incomplete. At present, not only the complete economic law system is inadequate, but also the implementing laws and policies are not strict. It can be illustrated by the phenomena of unreasonable repeated construction and repeated introduction. Third, the market needs nurturing.

Generally speaking, the industrial management policy, a supplement and revision of the market mechanism, is based on the existence of market and only through the market mechanism can it be carried out satisfactorily. Japan's industrial protection policy and industrial adjusting policy, for instance, are examples of preventing enterprises and the industry from relying too much on the government by utterly using the market competitive function. The present market of china is not mature but at a stage of growing. The market is expected to be nurtured rapidly so that the smooth implement of the policy can be guaranteed. China has supported many industries for many years. Great success as we have achieved, none among the supported was able to quickly get rid of the dependence on the government and grew into a strong and independent one with the ability of reproduction and international competitiveness. One of the most important reasons is that too much attention was paid only to enlarging industrial scale, while one thing was ignored, that is, industries or enterprises should be pushed to the market and be nurtured with the ability of reproduction and competition. Some particularly-supported sectors have long been reproducing on the condition of loss, for the price of the product was depressed and the value benefits could not compensate for the value loss in the producing process. What's more, the larger the producing scale, the more it will lose. And it was maintained only by "policy loss" and financial subsidy, which made it much weaker and more deteriorated. Lessons should be drawn out of the problem.

3. Revelation

- (1). The role that the industrial management policy ought to play in China's economic development cannot be ignored.

Japan's industrial management policy, the supreme one in economic development, is a big policy system guiding the economy on the whole to grow rapidly. China must have a set of preferential industrial management policies to catch up with and even to surpass the developed countries in a short period of time, since its economy and technology are less developed. The industrial management policy must be put in an outstanding position in China's economic policy system so that all the interests of the nation, regions, sectors and enterprises can be coordinated and unified into one entity. Thus the aim can be set as catching up with and surpassing the developing countries.

- (2). Promoting the market development should be the basic point of china's industrial management policy.

That Japan's industrial management policy could promote the economic development attributes to the complete market. Therefore a complete market system must be built to provide enterprises with space and network so that enterprises can transact and compete fairly and the socialism market can be gradually improved.

- (3). The function that the industrial coordinating organization plays should be strengthened so that its authority can be achieved in contacting every industrial sector and leverage sector.

Japan is a marketing economy, but when formulating and implementing the industrial manage-

ment policy, it has a remarkable characteristic of planned economic system. For example, the TongChan province enjoys great authority in this aspect. It is the government who manages economy in China and it should have much more advantageous and convenient conditions than Japan. However, what occasionally happened in practice is that sectors act uncoordinatedly, which requires to strengthen the function of coordinating organizations and to build up its authority.

- (4). Divisions of stages must be taken into account when formulating industrial management policy.

Japan's industrial management policy evolved from labor-intensive to capital-intensive and to knowledge-intensive pattern and gradually it has achieved an industrial structure of a rather high level. The industrial management policy of China is a long-term strategic problem and in this process the economy will grow on a large scale, the international political and economic environment will undergo great changes and the international labor division will adjust in a larger area. So the industrial management policy of China must keep the nature of phases and continuity and adjusts timely according to the situation of domestic and abroad.

- (5). Grasp the present industrial development trend in the world and confirm the growing or dominant industry which needs supporting.

Every country has its own leading industry or dominant industry when it comes to developing economy. So does Japan. China's economic development is at a surpassing stage. The urgent task facing China is what kind of industry should be

selected as its dominant and leading industry, which will lead to the flying-off of the whole economy. By protecting and cultivating new industries, introducing and absorbing technology from advanced countries, and taking advantage of our low-cost labors, it's quite possible for China, though fairly late in industrialization, to develop some new but advantageous industries to match with the developed countries in their traditional capital-intensive and technology-intensive field. So at present the important dominant industries should be set as soon as possible and measures therefore can be taken.

- (6). Industry management policy must pay attention to the problem of regional economic development.

China is quite a large country in area, and the economic development level among regions is different due to the reason of history, geography and economy. So in this situation, China's industrial management policy must put regional balance into consideration, and choose the leading industry of each area correctly to solve the communality in industrial structure and to realize the regional economic development with coordination.

- (7). Classify and confirm the basic contents and the implementing methods of industry management policy according to industrial technology, recourse types and developing phases.

Public infrastructure industries like transportation, communication and energy should be promoted by gradually increasing the low price and strengthening the guidance of finance, tax and banking policies. Industries, with good foundation, roughly-formed specialization system and small

distance with the international level, should develop specialization and scale of economy through market mechanism; Industries, which largely use mineral products as material, as the matter of prices, should prohibit from and avoid over-competition and waste of resources; Industries with poor foundation, long chains of production, large batches and implicit scale of economy should be under control.

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