

APIR Commentary No.16

Osaka: the Mayor and the City

A Major Hub for What?

Osaka mayor Toru Hashimoto's recent remarks on the issue of so-called "comfort women" received worldwide condemnation and damaged his own political standing domestically and internationally, but could they also have a negative economic impact on the Kansai region, particularly if Osaka corporations become tainted by association in the eyes of trading partners? Osaka is currently in the process of trying to reposition itself as a major hub of the Asian region, and the danger is that these remarks could undermine that effort. Overseas observers may wonder how an apparent "maverick" like Hashimoto came to be elected in Osaka, and whether his views are representative of his electorate or local corporations. In this commentary, I discuss these questions, and put the remarks in the context of several very positive recent events in the local business community that suggest that it would be unfair to judge Osaka on the basis of Hashimoto's statements.

The Outspoken Mayor

Big cities seem to have a tendency to elect charismatic and unorthodox "characters" as leaders - London's Boris Johnson and Tokyo's Shintaro Ishihara are two of the more prominent recent examples. Osaka has prior experience in this regard, too: in 1995 and again in 1999, Osaka prefecture elected as governor a popular, story-telling comedian, Isamu Yamada, who was subsequently forced to step down after being indicted and then convicted of molesting a female campaign worker. Yamada's precedent in winning office may have indirectly helped Toru Hashimoto, an energetic former lawyer and outspoken media commentator, who was elected mayor of the city in November 2011 aged 42, having previously set up his own entertainment and corporate law firm, founded a new political movement, and served as governor of Osaka prefecture (like New York city and state, Osaka is divided into both city and prefecture, with separate administrations).

Hashimoto's dynamism, vision, and promises of extensive public sector reform gave him broad appeal, and his forthright manner went down well among citizens known for being among the most frank and business-minded in Japan. Since then, however, Hashimoto's local approval ratings having fallen, with voters apparently less impressed by his outspoken brand of nationalism (he made it compulsory for teachers to sing the national anthem at school ceremonies), his conservatism (he questioned the right of municipal employees to have tattoos, and said that those who did should resign), and most recently his views on the so-called "comfort women" forced to work as sex slaves for the Imperial Japanese army in Korea, China, and elsewhere. As such, it would be not be accurate to consider Mayor Hashimoto's views as typical of the people of Osaka, in general or in this particular case.

Grand Front Osaka

"Co-existence with Asian countries" is one of the central points of the mission statement of Kankeiren, the Kansai economic federation, and in recent times the local business community has been trying hard to reposition itself to play a more central role in Asia. April 2013 saw the [opening of Grand Front Osaka](#) - a flagship four-tower commercial, office, hotel, and residential development, which is the centrepiece of the renewal of large parts of the Umeda district, the heart of the north of the city. Grand Front Osaka is home to the "[Knowledge Capital](#)" centre, an ambitious project to foster innovation and collaboration among entrepreneurs, businesses, and academics, to create new technologies and business opportunities within Kansai and across the Asian region. In June, we at the Asia Pacific Institute of Research (APIR) hosted more than 100 attendees at a forum on "Vietnam Now", looking at economic trends in that country and the roles that Japanese companies might play in helping to develop the power generation infrastructure, Small and Medium Enterprises (SMEs), and other areas.

In July, meanwhile, Kansai is due to welcome more than 60 business executives from 21 member economies across the Asia-Pacific region for a meeting of APEC's Business Advisory Council (ABAC), a high-level forum through which business leaders communicate issues and information to APEC leaders. Recently, Osaka has also been [suggested as the host city](#) for a proposed permanent secretariat for the Trans Pacific Partnership (TPP), an idea which would allow Japan to demonstrate clearly its commitment to improving trade relations with its Asia-Pacific partners. This is a time when Osaka is actively

trying to build better relationships with countries in the region, and the mayor's remarks will not have helped those efforts.

Transformation of the City

In the storm that broke following the comments, Mayor Hashimoto was forced to cancel a planned trip to the United States to meet both his New York counterpart Michael Bloomberg and San Francisco's Edwin Lee - the Chinese-American mayor of a city with a large Asian-American constituency sensitive to such historical issues. A senior official in San Francisco - a sister-city of Osaka - wrote to Hashimoto, reportedly saying that Mayor Lee had been "overwhelmed with protests from the Japanese-American community" and that going ahead with the visit would damage Osaka's image.

Economists cannot say for definite whether the controversy has had a negative impact on the Kansai economy; indeed, it would be hard to demonstrate such a causal link even when the next set of [Kansai regional growth data](#) are published. But it does seem certain that the remarks were as ill-timed as they were ill-judged. Stirring up historical controversies does nothing to help the citizens and businesspeople of Osaka, who are working hard to transform their city into one of the hubs of the Asian economy in the twenty-first century.

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