
Development and Challenges of Alternative Regional Economic Studies

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Abstract

Since the 1990s, globalization has led to corporate concentration and population inflow in Japan's urban areas, while rural regions have experienced depopulation and economic decline. One factor behind this disparity is the externally driven development model, such as attracting branch plants or implementing large-scale public projects. In response, Japanese regional economic studies have explored alternative development approaches influenced by endogenous development theory. These approaches focus on local reinvestment and expanding intra-regional trade to build regional economic circulation. Researchers have investigated whether such circulation can improve local income and money inflow, analyzing network structures and their spatial characteristics.

At the same time, the world faces pressing environmental challenges, including global warming, marine pollution, and biodiversity loss. Balancing economic growth with environmental protection has become a major global issue. A transition is needed from the traditional linear economy-based on mass production, consumption, and disposal-to a circular economy, which aims to reuse resources and reduce environmental impact. In Japan, pollution-related health problems emerged during the rapid economic growth of the 1960s, prompting early environmental action. However, inspired by Europe's framing of the circular economy as economic policy, Japan is now shifting its focus from purely environmental measures to integrated economic strategies.

This paper aims to explore alternative regional development policies that balance local economic growth and environmental sustainability. By reviewing research on the circular economy as an economic policy tool that promotes resource reuse and regeneration, the study highlights how creating resource and economic loops within specific regions can contribute to local revitalization. The concept of "circulation"-both of materials and economy-within regional boundaries is presented as a key factor in addressing the dual challenges of regional decline and environmental sustainability.

Keywords: Endogenous development theory, Local reinvestment, Economic circulation, Circular economy

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