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Decentralization in Japan

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Graduate School of Media and Governance

Keio University, Japan

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Abstract

In 1999, The Package Promoting Decentralization Act was enacted, and came into law in 2000. This Act provides 1) role-sharing between central government and local government, 2) abolition of the system of agent delegated functions, 3) re-examination of intervention by central government, 4) establishment of the Central-Local Government Dispute Resolution Council, along with other alterations. The Act, however, has not fully realized decentralization in Japan, and it has only raised the independence of local government a little by correcting some of the conventional political administrative methods. Thus it is just the starting line for real reform. In Japan, a lot of decentralization reform is presently under way, such as “the reform package of three issues”, the so-called “Sanmi Ittai Kaikaku”, and mergers of municipalities. However, further and more extensive reform will certainly be needed to create a really decentralized society. I believe that each nation needs to promote decentralization, and continually attempt improvements by overcoming any obstacles to self-government step by step.

Key words: decentralization, relation between central government and local government, mergers of local authorities, direct participation of residents, diversification of local government.

Preface

There are various kinds of local government systems in the world. Each nation's system is different from the others because of the special particularities of the country, its natural environment, climate, national traits, and so on. However, there is one thing that is common worldwide: local autonomy needed to secure a democratic and stable country.

Following the political wind in the 1990s that opted for the decentralization in Japan, the Package Promoting Decentralization Act was enacted in 1999. That law can be highly recognized as an epoch-making reform, but its content is still insufficient to create a well established local government and as a result, more reform have to be implemented.

This thesis reviews the Package Promoting Decentralization Act from critical point of view and discusses the necessary steps and future reforms necessary to create the establishment of the Japanese local government in the future.

1 Local government in Japan

There are three main aspects of local government in Japan.

First, local government plays a vital role in the Japanese economy. Local government expenditure accounts for a good share of the gross domestic expenditure. It is about three times as large as one of the central government.

Second, the system of local government is unified throughout Japan; there are 47 prefectures and 3200 municipalities, though they all have more or less a similar, unified structure throughout Japan.

Third, the roles of local government overlap with that of central government, and sometimes show ambiguous aspects in terms of their territory. Central government and local government are both very often engaged in the same project, helping each other.

1-1 Role of Local Government

Japanese local government oversees about 70% of national public works. Most of the familiar public services are the responsibility of local government. These include: education, social services, health and hygiene services, waste collection, environment services, agriculture, forestry and fisheries services, services for industry, urban development, infrastructure and public housing, police and fire services, and so on.

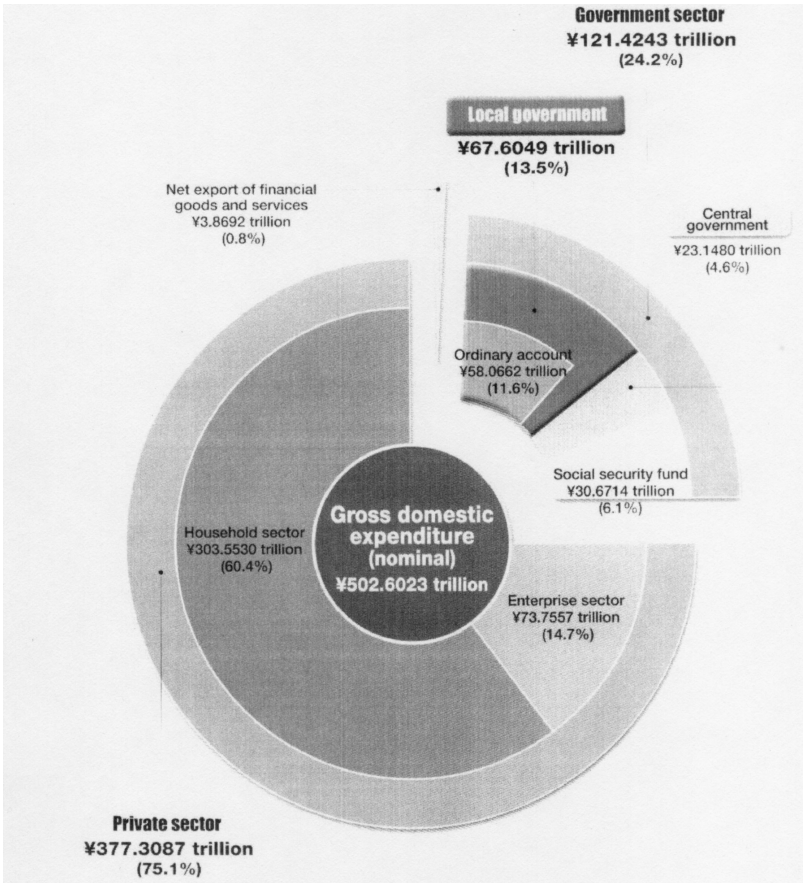
In the gross domestic expenditure of about ¥502 trillion in the fiscal year of 2001, the government sector accounted for about ¥121 trillion (24.2%). The expenditure of the central

government sector was some ¥23 trillion (4.6%); while the local government sector was about ¥67 trillion (13.5%); (the balance was for the Social Security Fund); making the expenditure of local government about three times as large as that of central government (See Chart 1).

Local expenditure ratios are higher in the areas that have a close relationship with daily life. The local expenditure ratio is the highest in the area of public health and sanitation, and the net expenditure of local government in the areas of school education, social education, and police and fire services accounts for over 80% of the expenditure of the central government. National ratios are higher in the few areas such as defense, diplomacy, pensions, and so on (See Chart 2).

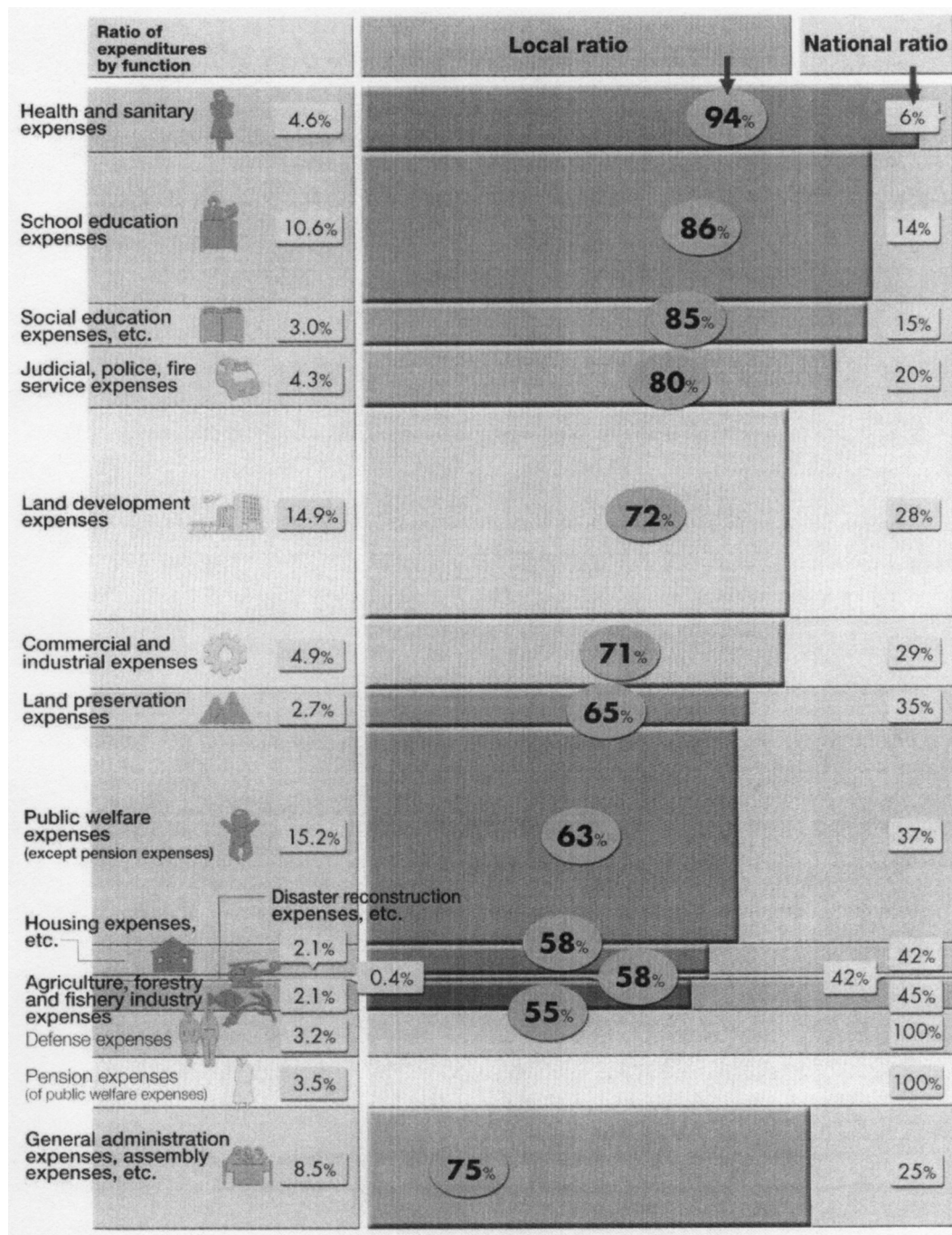
This situation indicates how large a role Japanese local government has nationwide; an exceptional situation worldwide in terms of local government functions (For detailed explanation refer to Matsumoto (2002), Council of Local Authorities for International Relations (2002), Yamashita, Tani and Kawamura (1992) etc.).

Chart 1 Gross Domestic Expenditure and Local Public Finance



From “White Paper on Local Public Finance, 2003”

**Chart 2 Shares of National and Local Governments in Main Expenditures
by Function (final expenditure base)**



From "White Paper on Local Public Finance, 2003"

1-2 Uniformity of Local Government

Japan has so-called a two-tier system of local government: municipal entities as fundamental authorities and Prefectures as broader regional ones.

Municipal authorities include cities (“Shi”), towns (“Machi”) and villages (“Mura”). In general they deal with all the affairs which are thought to be locally related, while prefectures deal with 1) affairs in the broader area (broader regional function), 2) communication and coordination with municipalities (communicating and coordinating function), 3) affairs which are not appropriate for municipalities to undertake in terms of size or nature (supplemental function).

Japan has 47 prefectures with an average population of 2.7 million, and an average area of about 8,000 square kilometers (Sizes of the prefectures have not changed since 1889). There is a lot of disparity of size and scale. In population, they range from the Tokyo Metropolis with about 12 million to Tottori Prefecture, the smallest with just 0.6 million. In area, the largest is Hokkaido at 83,000 square kilometers, and the smallest is Osaka Prefecture at 1900 square kilometers. Prefectures are denominated in 4 ways, “To”, “Do”, “Fu” and “Ken”; though there are no big differences between them in terms of their powers, except for Tokyo-To, which is the capital of Japan. In the central area of Tokyo Metropolis, there are 23 Special Wards, such as Chiyoda-ku, Shinjuku-ku, etc. instead of separate municipalities.

As well, as of April 2003, there are a total of 3,190 municipal authorities (677 cities, 1,961 towns and 552 villages), with an average population of about 39,000 and an average area of about 117 square kilometers. In 1889, before the enforcement of “City Code” and “Town and Village Code” (the predecessor to the current Local Government Act) there were as many as 71,000 villages, but as a result of “The Great Merger of Towns and Villages in Meiji” and “The Great Merger of Towns and Villages in Showa”, the number of municipalities has been substantially reduced to the current number (Refer to Shichouson Jichi Kenkyuukai (2003), and cf. Table 1).

There is a bigger disparity in the sizes of municipalities than in prefectures, with populations ranging from Yokohama City, the biggest, with 3.5 million people to the smallest of Aogashima Village in the Izu Islands with just 202; and with areas ranging from Ashoro Village in Hokkaido, the biggest, with 1,400 square kilometers to the smallest of Takashima Town in Nagasaki Prefecture with just 1.2 square kilometers. There are some differences between cities and towns or villages in terms of powers; Designated Cities (“Shitei-Toshi”) or Core Cities (“Chuukaku-Shi”) have greater powers than ordinary cities. (In addition, Special Case Cities were established in 2000.) But the difference between

towns and villages comes from their size or the process of their development.

By any measure, the structure of local government is unified throughout prefectures and municipalities. There is a presidential system; the chief of the local government and the members of the local assembly are directly elected by residents of the area. The executive and the assembly are separate and independent of each other. As organs of administration, there are some independent administrative committees such as the education committee, public safety committee and election management committee. Almost all local governments have a similar structure regardless of their size or type. The organization of local government is essentially unified, and accords with the Local Government Act; thus there is little room for local residents to decide on the structure of their local government (Refer to Matsumoto (2002), Council of Local Authorities for International Relations (2002), etc.).

1-3 Combined-type of Local Administration

In Japan there isn't a clear-cut line between the functions of the central government and those of local government; they are very often engaged in the same projects, helping each other. For instance, in the field of social welfare, principally, central government makes plans and designs systems, which local government then puts into practice. The relationship between the functions of prefectures and municipalities is also similar. As I mentioned before, prefectures deal with what seems to be supplemental to municipalities, and which the municipalities have little capability to deal with. However, there are some aspects that municipalities can manage to do that accord to their size and capability, such as the establishment and administration of high schools and libraries, management of parks, and so on. Both prefectures and municipalities can cooperate to deal with such functions. Thus, in the case of Japanese local administration, it could be called a work-share type administration, central and local governments combined, even integrated with each other to realize some projects by each doing its share of the work.

The above-mentioned system is called a "combined-type" local administration, whereas local administrations in the United States or the United Kingdom are a "separate-type"; one in which the powers that local government exerts are specifically enumerated. Actions that override these powers are thought to be in violation of the law; that is, they are "Ultra Vires", outside the powers of the authority seeking to exert them. In the separate-type, the area of work dealt with by central government, and the broader area of work dealt with by the local government and fundamental local government functions are clearly defined. Therefore, the separate-type local government with the different authorities offering various services to the public in separate ways functions more independently than the combined

type one in terms of the administration and execution of local government.

However, it cannot be simply said that the separate-type local government is more decentralized. The combined-type one can sometimes play a major role having a great impact on local society as a local authority. Because, a combined-type local government can deal with some functions, which could be thought of as the functions of central government, in participation with central government; therefore it is possible that the role of local government can become wider. The other side of this though is that, in the separate-type, the national government usually provides just limited powers to local government.

Local administration in Japan has sometimes been criticized, in comparison to western countries, for its centralized power (Refer to Nishio (1993), Takeshita (1999) etc.). Especially, it is pointed out, local government depends on the central government, as seen by the phrase “thirty percent autonomy (insufficient autonomy)”. Subsidies from the national treasury, such as local allocation tax and national grants account for 35% of total local government revenues, but those are resources that are necessary for local governments to balance the disparities in their individual financial situations. In this respect I don’t think local administration in Japan is so centralized. I’d rather look at this relationship between central and local governments as “a Model of Mutual Dependence”; like Michio Muramatsu said in “Local Autonomy” (Muramatsu (1988)). I think it is right that central and local governments share functions; it is indeed a positive characteristic of local administration in Japan (Refer to Oomori and Satou (1986)).

2 Decentralization in Japan

Although there have been various kinds of discussions and examinations since the great reform of the local government system in 1947, following the Second World War, they were only partial adjustments, and there wasn’t any fundamental reform in respect to decentralization until 1999 when “The Package Promoting Decentralization Act” was established. Generally this Act is highly evaluated. I will treat the process of its enactment and the significance of the Act (For detailed explanation refer to Chihoujichiseido Kenkyuukai (1999) and Narita (1999)).

2-1 The Process of the Establishment of the Package Promoting Decentralization Act

In the process of the establishment of the Package Promoting Decentralization Act, which follows, the Decentralization Promotion Committee plays the most important role.

2-1-1 Enactment of Promoting Decentralization Act (1995)

In 1993, the Hosokawa coalition cabinet was formed after the collapse of the Liberal Democratic Party government that had ruled since 1955. This was because the political and economic structure known as “the Year ’55 System” became moribund, and reform and change were internationally or domestically demanded from the administration. That current also had a strong influence on the movement for the realization of decentralization. The “Resolution for the Promotion of Decentralization” was put forward unanimously by the Lower and Upper Houses of the Diet in June 1993, and The “General Principles and Policies Concerning the Promoting Decentralization” were approved by the cabinet in December 1994, leading to the proposal of the “Promoting Decentralization Bill,” under the Murayama Cabinet (a coalition government of the Liberal Democratic, the Social Democratic and the Sakigake Parties); then the “Promoting Decentralization Act” was enacted and then promulgated in May 1995. This Act laid down general provisions, basic policies on promoting decentralization, the establishment of Decentralization Promotion Committee, and “Decentralization Promotion Plan,” etc. The Act was set up as legislation having a specified duration of five years.

2-1-2 Recommendations by the Decentralization Promotion Committee (1996 ~1998)

The Decentralization Promotion Committee began meeting in 1995. The Committee, led by its chairman, Ken Moroi, heard the opinions of various government ministers and agencies and other concerned people, as well it conducted investigations and deliberations, as the groundwork for its recommendations.

The Committee submitted its first recommendation to Prime-Minister Hashimoto in December 1996, and by 1998 had issued four recommendations. The main contents were about the allocation of roles between the central and local government, the abolition of the system of “agency delegated functions (Kikan Inin Zimu)”, the way central government could intervene in local administrations, and the establishment of a third organ for handling disputes between the central and local governments. The Committee said that the relation between central and local government should be changed from a vertical master-servant relationship to one of equality and cooperation.

These recommendations, by making a Package Promoting Decentralization Act, set the direction for decentralization reform in the future; indeed the main contents of these recommendations have been introduced in the Package Promoting Decentralization Act.

2-1-3 Establishment of the Decentralization Promotion Plan (1998)

In 1998, the government decided on the Decentralization Promotion Plan, which was in

accord with the recommendations of the Decentralization Promotion Committee. It aimed to clarify the roles of central and local governments, build a new relationship between them, and retain an effective administrative framework for local government. Details of the practicable items, which were among the contents of the recommendations by Decentralization Promotion Committee, have been incorporated into the Plan. Large parts of this plan were introduced by the Package Promoting Decentralization Act in 1999.

2-1-4 Establishment of the Package of Promoting Decentralization Act 1999

In 1999, the Obuchi Cabinet of the Liberal Democratic Party government submitted a bill to the Diet that comprehensively amended 475 laws, including the Local Government Law, the Local Finance Law, the National Administrative Organization Law, and a lot of laws providing Agency Delegated Functions. This bill had been formally called “A Bill Concerning Amendment of the Laws Related to the Promotion of Decentralization”. The Diet approved this bill on July 8 of the same year, and the Act was promulgated on July 16. It took effect on April 1, 2000. At the same time, several acts related to reorganization of the central government were established, and these were enforced on January 2001.

2-2 Purpose and Evaluation of the Package Promoting Decentralization Act

The establishment of the Package Promoting Decentralization Act is of great significance. This Act aims for 1) the realization of a local administration able to react to the diversity of local values, 2) independent decision-making by local government, and 3) the building of a multi-polarized country.

First, it is a response to a need for changes in public administration to accord with the rapid change of Japanese society and the globalization of its economy in the recent years. Policy making needs to be carried out by local government with voluntary inputs from within the various local districts; and it should contribute to building a society that reflects the great variety of individuals making up communities, and is able to react to the diversity of people's values.

Second, by replacing the nearly fifty year old administrative system that is under the control of central government, and which currently seems to be moribund, it is possible to achieve the desirable situation that local governments are able to make independent policies, and set targets to institute a democratic administration of residents based on self-decision and self-responsibility.

Third, the Act could create a public administration that achieves multi-polarization

in Japan, doing away with the concentration of power and political activity in the Tokyo Metropolis. Since 2nd World War ended, a great number of people and a lot of money have poured into Tokyo, and local areas have been depopulated and gone into decline. It is necessary to put an end to this trend.

But, these loft goals cannot be fully achieved by just this Act; it has just corrected about relationship between the central government and local government. The transfer of powers and revenue resources to local government has not yet been carried out.

This decentralization reform is sometimes described as the 3rd Revolution, another in a line of major reforms; a series of reforms following the “Meiji Revolution (1868)” and those reforms instituted right after 2nd World War. It is said that the abolition of the system of “agency delegated functions” is epoch-making. But that could be over stating it. I have some doubts that the abolition of the system has had great influence on the administration of local government. It seems to me that there isn’t much of a difference between an “agency delegated function” and a newly introduced “statutory trusted function”. Rather, I regard this reform as one that stimulates public administration to change their way of thinking and introduce new ideas to create a society more focused on individuality. I couldn’t say that this reform has fully realized decentralization, but it has elevated local government by correcting the conventional political administrative methods. This is just the starting line for real reform. Masaru Nishio said that this reform is the starting point for the creation of decentralized society. (Nishio (1999)); this opinion is most appropriate (Refer to Kobayakawa and Obata (2000)).

3 Outline of New Local Government Law Revised by the Package Promoting Decentralization Act

I’d now like to explain about new Local Government Law revised by the Package Promoting Decentralization Act.

3-1 Role-sharing between Central Government and Local Government

The Local Government Law stipulates the sharing of roles between central and local governments. As for the roles of central government, they are limited to 1) affairs that make secure the existence of the state in the international community (diplomacy, defense, currency, etc.), 2) affairs related to fundamental rules concerning activities of the nation and local administration that are desirable to be defined and unified throughout the nation (standards of social welfare, security of fair trade, labor standard laws, local government

laws, etc.), 3) enforcement of policies and projects that should be undertaken from a national viewpoint or scope (public pensions, space projects, basic infrastructure, etc.).

As for local government, its role is in independently and comprehensively overseeing the field of local affairs on the basis of promoting the welfare of residents (Refer to Matsumoto (2003)).

3-2 Abolition of the system of “Agent Delegated Function” and Introduction of a new “Statutory Trusted Function” system

An agent delegated function is one that central government delegates to organs of local government under the authority and control of the competent Minister of State; and these organs then are regarded as national organs. It has been strongly criticized as being a very centralized system within the area of local administration. The abolition of this system has seen a new one introduced; that of a “statutory trusted function”.

About 55% of the agent delegated functions have been placed into inherent local government functions. Town planning decisions, approvals for the foundation of Land Improvement Wards, business license for restaurants, approvals for establishing hospitals and pharmacies, etc. are included in these functions. The balance, about 45%, of the agent delegated functions has become new “statutory trusted functions.” These are the practices of national elections, national census, issues of passports, maintenance of national roads, river improvement work etc. For a few functions that used to be among the agent delegated functions, central government has taken over their direct management; among them are the functions, such as conservation of national parks and signing documents by the Special Act for the Compulsory Purchase of Land for US Military Bases.

Statutory trusted functions are those ones to be dealt with by local government according to statutes or cabinet ordinances. They are functions that central government originally was in charge of and has to now ensure local government can deal with them by appropriate measures. Thus, central government can intervene in some way, although local government actually deals with the area, and it has become the function of local government (Refer to Kaneko (2000) and Harada (2004)).

3-3 Re-examination of Intervention of Central Government

The Package Promoting Decentralization Act re-examined the intervention of central government into the local government. It made basic rules for intervention and put a stop to some interventions by central government, and eliminated some of the compulsory

arrangements in local government administration.

Basic Rules of Intervention

Basic rules about the intervention of central government into local government have been laid down. First, central government can intervene in local government only according to the law, and an arbitrary intervention by central government should not be made. If the intervention is necessary, it should be only as much as is needed to obtain the goal.

Secondly, central government should be more considerate of the independence and autonomy of local government, and try to avoid strong interventions such as by command or permission; instead, it would be better to utilize a cooperative way by advice or through recommendations, etc.

Thirdly, as a general rule, to make the process of intervention fair, central government should intervene through documents; to make its actions transparent, it should establish standards for obtaining permission or approval for its actions and publicly announce them. It should also set a standard length of time for the transaction, and publicly announce this as well.

Examples of Alteration

Some examples of alterations undertaken by the Package Promoting Decentralization Act are following: 1) Abolition of approval by a Governor for movements of original foreigner's registration papers, based on the Foreigner Register Law. 2) Abolition of the approval by the Minister of Education for an election of a chief educational officer. 3) Abolition of directions and supervision by the Minister of Health and Welfare concerning social aid matters. 4) Abolition of direction by the Minister of Construction concerning maintenance of public housing. 5) Change from the Prime Minister's approval to his consultation in making fundamental plans for land use. 6) Change from permission by the Minister of Home Affairs to his consultation for issuing local loans.

Thus, interventions in the local administration by the central government have been altered according to the Local Government Law.

Disposal of Compulsory Arrangement

There were some duties or qualifications that local government was obliged to have for specific divisions; however, the system was reviewed at this time. Some were:

1) abolition of the compulsory placement of a director of agricultural land and the director

of a class for young people, 2) abolition of the regulations about qualifications for officials engaged in narcotics control and measurement, 3) change from a fixed to a standard number of officials for the social welfare office.

3-4 Establishment of the Central-Local Government Dispute Resolution Council

In order to establish a new relationship based on fairness and cooperation between central and local government, the Central-Local Government Dispute Resolution Council was set up as an organization to deal with disputes between the two. This is an advisory organ of the Ministry of Home Affairs, and is based on the Central Government Organization Act. The system takes a council form and examines the intervention of central government into local government and makes recommendations from a neutral point of view. The Commission's power, structure and procedures to examine are stipulated in the Local Government Law.

3-5 Transferring Some Affairs of the Central Government to Local Government

By the Package Promoting Decentralization Act, some affairs of the central government have been transferred to the local government. For instance, some power of central government have been transferred to the prefectures, such as 1) permission for setting up of hunting areas, and 2) approval of public sewage works, and so on; and some powers previously held by prefectures have been transferred to municipalities, such as 1) designation of the senior high school districts, 2) registration of dogs and the issue of licenses etc.

3-6 Other Alterations

Some other alterations to the local administrative system have been established by the Package Promoting Decentralization Act. The main ones are:

Clarification of Affairs for Prefectures and Municipalities

Prefectures deal with three kinds of affairs. 1) Affairs of the broader region, that is, the affairs crossing the area of a municipality and extending over two municipalities. 2) Affairs of communication and coordination; that is, affairs of communication between central government and municipalities, and coordination between municipalities. 3) Affairs supplemental to municipalities, that is, affairs which general municipalities are able to deal with efficiently.

Meanwhile, municipalities, as the fundamental local authorities, deal with local affairs in general.

Special Case Cities

Adding to the already existing Designated Cities (more than 500,000 population) and Core cities (more than 300,000 population), a new system of Special Case Cities (more than 200,000 population) was introduced. Some affairs have already transferred from prefectures to Designated or Core Cities, and likewise Special Case Cities are now dealing with some of the affairs that used to be dealt with by Core Cities but affect their residents. The affairs that the Special Case Cities can deal with include permission for a development project, approval of the establishment of a private juvenile welfare institution, and business licenses for restaurants and hotels.

The Extended Power of Local Assemblies

Some amendments have been made for local assemblies:

- 1) Alteration of the decision making process concerning the fixed number of the assembly members. The number of members is laid down by a by-law with the upper limit stipulated by law, instead of its direct designation by law.
- 2) Relaxation of conditions when assembly members can submit a bill. Until this alteration, the consent of one-eighth of the members was necessary to submit a bill, but the consent of one-twelfth is now enough.
- 3) Extension of powers to enact by-laws. Local assembly can impose penalty fees by by-laws as sanctions for violation.

Abolition of Local Administrative Officers

Some administrative officers in local government were engaged in social insurance and employment office related affairs under commission from the Prefectural Governor, and yet their positions were under the control of the Minister of Social Welfare or the Minister of Labor of the central government based on the National Civil Servant Act. But under the revision, this system was abolished and these affairs have become the work of central government, and officers engaged in these affairs have become central government employees.

3-7 Conclusion of This Chapter

The Package Promoting Decentralization Act has re-established the relationship between the central government and local government. It has laid down the allocation of the roles between the central and local governments, and made rules for regarding interventions by the central government.

By correcting the methods of intervention, the relationship between central and local

government seems to have become one between independent and equal entities; not one between higher and lower levels within an administrative structure.

4 Issues after the Reform for Decentralization

As mentioned earlier, the present decentralization reform is perhaps just a starting point for decentralization in general. Therefore, further, and more extensive reform will be needed to create a really decentralized society.

Current issues now faced in Japan for the promotion of decentralization and the establishment of local autonomy are 1) to reorganize municipalities, 2) to strengthen local finance, 3) to promote self-government by residents, and further reforms 4) to reorganize prefectures, or 5) to have more diverse local government structures.

Among these issues, No.1 and No.2 are now being carried out, but, No.3, 4 and 5 are not yet performed.

4-1 Mergers of Municipalities

While the establishment of the principles of self-decision and self-responsibility is required in local government, a crisis concerning local finance has become an issue during long economic stagnation Japan has experienced. So, administrative and financial systems of as many as over 3000 municipalities are required to reorganize. A particular problem is the case of small-sized villages with populations of less than 1000; whether they really have autonomous capabilities. Therefore mergers of municipalities have been promoted throughout the country, and various types of fundamental local authorities are being formed as a result.

Table 1 Transition of Number of Municipalities

year	number	Notes
1883	71,497	
1889	15,859	Enforcement of City Code, Town and Village Code
1953	9,868	Enforcement of Special Law for Municipal Mergers
1956	3,975	Expiration of Special Law for Municipal Mergers
2000	3,229	Enforcement of Package Promoting Decentralization Law
2003	3,190	

(This is edited from Shichouson Jichi Kenkyuukai (2003))

However, the size of a local authority cannot be discussed just from the point of efficiency; though it is rather a basic problem. The size of a fundamental local authority in Japan is large compared to other countries. Only the United Kingdom, among western countries, has a greater average population of its fundamental local authorities (“Area and Size of Local Autonomy” by Shigeru Yamashita).

As for mergers of municipalities; these should be carefully examined along with the methods of civil participation, the contents of work to be dealt with, etc. On the other hand, in a huge local authority, such as Yokohama City with a population of more than 3 million, the division of the area or the transfer of the power to Administrative Districts within the authority needs to be seriously considered.

4-2 Reform of Local Finance and Tax System

“The Three Issues Reform Package” (so called “Sanmi Ittai Kaikaku”; that is, Triangle Reform) is now being carried out led by the Koizumi Cabinet. The three issues are:

- 1) Transfer of tax revenue sources to local government. There are various arguments about what taxes, such as income tax or consumption tax or tobacco tax, should be transferred to which local government. Agreements on these transfers have not been reached yet.
- 2) Elimination or reduction of national subsidies. Diminution of 4 trillion yen subsidies in three years has been decided, but the details of its contents have been left up to each ministry and agency.
- 3) Review of the local allocation tax. Extra allocations in favor of small municipalities have been reduced, but the local allocation tax is a well-established system to ensure local governments some resources: the review of the tax to weaken the nature of the tax system could create a grave crisis.

The direction of the reform can be evaluated, but there are some doubts that its stated objectives can in reality be carried out, that is, the kinds of national taxes that are to be transferred to local government, the kinds of subsidies from national government that are to be abolished, and the reality of review of the local allocation tax.

In the case of increasing local taxes, if some aspects of the income tax are focused on for this purpose, the uneven distribution in local revenues will become apparent and the disparity between the rich and poor local governments will increase, necessitating a new arrangement of revenue sources. It goes without saying that taxes that can be raised

impartially in all districts, such as consumption taxes, are a desirable method for local taxes.

In respect to the elimination of subsidies from national government: to abolish subsidies that are necessary for local expenditure does not lead to strengthened local autonomy, and may indeed aggravate the finance of already poor local governments.

In regard to the review of the local allocation tax, to invest some resources in special projects that are outside the essence of the tax system is a problem, but the excellent nature of the system should be protected. A likely result is that people in the more remote areas will be cut off from administrative services. The system of the local allocation tax is an excellent way for local government to secure good revenue. Hence, it should be reexamined in a way where its merits can be realized.

4-3 Improvement of Self-government by Residents

The present reforms mainly aimed at improvements in the relations between central and local governments, and for local autonomy to be strengthened by becoming more independent from the central government in dealing with the affairs that effect it locally. However, reform of local autonomy has not fully realized, in terms of being governed by residents; on the basis that local affairs should be dealt by local residents based on their will and responsibility.

Japanese local government systems allowing residents to directly take part in local authority affairs can supplement the usual indirect democratic process by their participation. Among such direct participation systems, there are initiative made by over a specified number of people's signatories demanding 1) the approval, amendment or abolition of by-laws, 2) special audits, 3) the dissolution of the council, and 4) the dismissal of governors, mayors or councilors. However, these systems are insufficient to realize direct participation, particularly ineffective in large local authorities.

At present, in important local issues like mergers of municipalities in many parts of the country, there have been several trials to enquire of people's opinions by their voting behavior. However this is not necessarily based on law. From here on, the law should prescribe such things as: 1) What kind of issues should be the subjects of local referendums, 2) How a referendum should be carried out, and 3) Whether the result of the referendum should be binding or not.

Presently, it is a major issue for local administrations to improve their system to directly reflect the residents' opinions regarding local government; many channels are utilized for the people to participate in a variety of ways like Public Comments, Civic

Meetings, Internet Conferences, etc (Refer to Muroi and Harano (2003)).

Meanwhile, in a society that seeks to be the representative democracy that is adopted by the Japanese political system, it is more important to vitalize the local assemblies that play essential roles. As representatives of the people, assembly members should make strenuous efforts to reflect the opinions of those they represent.

4-4 Reform of the Prefectural System

While mergers of municipalities have been carried out and sizes are getting larger, the conditions of prefectures, the areas of which have not been changed for over 100 years, have also become a contentious issue. Subjects to be considered to reform the system of local autonomy in Japan are: 1) mergers of prefectures, or 2) abolishing prefectures and establishing broader regional authorities (a so-called system of “Doh, Shuh”), or instituting a federal system by transferring the roles of central government, or 3) having a single-tier system with only fundamental local authorities, and so on.

4-5 Diversification of Local Government

Last but not least, I would like to mention that diversity of local government needs realizing.

Basically, local government should be diversified in accordance with the climate and history of the particular area, and the way of thinking of its residents. However, Japanese local government has a unified appearance everywhere, being bound as it is by the laws of central government.

Some possible examples that could be considered are as follows.

1) A Charter System: Residents make a charter that defines their local government, its power and its structure, and then request approval from the central government. Or, 2) there would be a system, which would be stipulated in a local government law, that the public make their own choice from several options such as A) a British type Committee system, instead of a Presidential system (Mayor-Council form). B) a commission form as in the USA, which has both powers of decision-making and execution. C) a city-manager system, and so on.

By approving diversity of form for local government, it would be possible to realize various kinds of public services that would be in keeping with the local situation, and thereby true local autonomy would be achieved.

5 Conclusion

Any country's system of local government has been created through its particular history; saying which is best is not really possible. However, I dare to venture that the system of local autonomy in Japan is an outstanding system; comparing favorably with those found in western countries.

As mentioned above, the system of local administration in Japan is said to be as centralized. However, the power of intervention by the central government in local government has been altered. Therefore, the strong points of the Japanese local administration system should be put to good account and what it lacks, self-government-by-residents in a true sense, should be more promoted.

In any case, further promotion of local autonomy and reform of the local administration is an urgent issue in Japan; indeed it is common in all modern countries to state that the establishment of local autonomy is inevitable if the ideals of a free and prosperous society within a democratic nation are to be fulfilled. This should be a common political issue worldwide; that every nation should promote decentralization, and constantly try to improve the situation little by little overcoming any obstacles to self-government.

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