

MANAGING ACROSS LEVELS OF GOVERNMENT

JAPAN

1. Institutions and authority**1.1 Structures***Description of levels*

The total area of Japan is 377 800 square kilometres and the total population in 1994 was 124 960 000. Japan has a two-tier local government system comprising prefectures and municipalities. Although there are a significant number of sub-national governments, the national bureaucracy commands significant power over the administration of the country's various public policies.

The New Constitution of 1947 included for the first time a chapter on local government. The Local Autonomy Law was enacted at the same time. While the pre-war local government system was modelled on the old German approach, the new one was strongly influenced by the American spirit of self-government. The Local Autonomy Law defined a two-tier structure of prefectures and municipalities. It further defined, in accordance with the principles of the Constitution, the structure, composition and powers of local elected legislative bodies and of chief executives at both levels.

Local Government: Administratively, Japan is divided into a total of 47 prefectures (including the metropolis of Tokyo, and the prefectures of Osaka, Kyoto and Hokkaido). Prefectures are further divided into municipalities which consist of cities, towns, and villages. Cities have a population of 50 000 or more and towns and village have a population of under 50 000.

The boundaries of the prefectures are determined historically and thus populations and areas vary greatly from prefecture to prefecture. Prefectures stand midway between the national government and the municipalities and their functions are divided into two categories: intermediation between national government and municipal governments, and area-wide administration. They are responsible for matters that affect broad geographical areas within their jurisdiction or for which a single standard needs to be maintained throughout the prefecture ; for large-scale jobs that municipalities cannot handle on their own ; and for liaison between the national government and municipalities and providing advice and guidance to municipalities.

Municipalities are classified into cities, towns and villages depending on the size of their populations, the density of buildings, the structure of industry, and the extent of urban facilities. Cities display some differences in organisation and function, but they still share the same basic character as the level of local government closest to the ordinary citizen. However, twelve cities with populations of over 500 000 and designated by government ordinance differ from ordinary municipalities in that they handle some of the services that are normally performed by prefectures.

Table 1. Area and population of sub-national governments (1995)

	Prefectures		Municipalities	
Number	47		3 232	
	area (km ²)	population	area (km ²)	population
Largest	83 451	11 542 468	1 408	3 281 280
Smallest	1 875	619 238	1.27	197
Number of municipalities and population distribution				
	Population size		Number of municipalities	
	up to 10 000		1 526	
	10 000 - 20 000		716	
	20 000 - 50 000		542	
	50 000 - 100 000		231	
	100 000 - 500 000		198	
	over 500 000		19	
	TOTAL		3 232	

Source: Japan Municipalities Handbook, (1996); Residential Register, (1996)

Prefectures and municipalities are referred to as ordinary local public entities, but there are also bodies known as special local public entities. For example there are special wards. Tokyo has a unique function as the capital of Japan, and its central area is therefore divided into 23 special wards which are similar in character to cities but with several distinguishing features. There are also regional affairs associations, which may be responsible for any of a wide range of services which individual municipalities are unable to deal with fully on their own, or which can be more effectively handled collaboratively.

Central government at sub-national levels

Local branch offices are established by law when it is necessary to divide-up the administrative affairs of national bodies such as the Prime Minister's Office, ministries, commissions, or agencies. Fundamental jurisdictional areas are "regional", which divide the nation into 8 to 10 regions, and "prefectural" or "municipal" which roughly correspond to the local governments' jurisdictions. Specially designated areas are also used when appropriate. The national bodies which have both regional and prefectural or municipal offices include the Management and Co-ordination Agency, Ministry of Justice, Ministry of Finance, National Tax Administration Agency, Ministry of Agriculture, Forestry and Fisheries, Ministry of Construction and Ministry of Posts and Telecommunication.

The administrative responsibility and authority of the ministries and agencies which are allocated to these local branch offices, are executed by them in the areas under their jurisdiction. Many other organisations (experimental laboratories, educational facilities, etc.) of ministries and agencies are also established in local areas. These are sometimes called "local administrative bodies".

Creation, elimination and restructuring

After World War II, the role of municipalities as the basic autonomous body grew in importance and they were vested with more responsibility for the administration of public affairs. However, as the smaller towns and villages did not always have enough administrative and financial capabilities, a law was enacted in 1953 to promote the consolidation of towns and villages throughout the country during three years (see Table 2).

This policy of amalgamation aimed at assuring a minimum population of 8 000 in each town or village as a rule, with the hope that each town or village would be able to afford to have at least one junior high school and to hire at least one case-worker in the welfare service.

As a result of the amalgamation of towns and villages, the efficiency of the administration was improved. At the same time various construction projects were begun.

Table 2. Evolution of the number of municipalities (1945, 1953, 1956, 1993)

Date	Number of cities	Number of towns and villages	TOTAL	Notes
October 1945	205	10 315	10 520	
October 1953	286	9 582	9 868	-- Law to Promote the Amalgamation of Towns and Villages enacted.
September 1956	498	3 477	3 975	-- The above law had lost its effects
April 1993	663	2 573	3 236	

Source: *The Management and Reform of Japanese Government*, Second Edition, The Institute of Administrative Management, 1995, Tokyo.

1.2 Powers

Nature of sub-national institutions

Local governments in Japan, that is prefectures and municipalities, have a political system which differs from that of national government. The national level has a parliamentary system, while the sub-national government is run by a presidential system of government. Each local unit has a popularly elected chief executive (called the governor in a prefecture, and the mayor, in a municipality); and a unicameral legislative body (Assembly).

Local governments are all legally entitled to create public enterprises and to manage them either singly or jointly. Public enterprises are creatures of the State, established by a government charter emanating usually from a legislative body, and are under the direction and control of the chief executives of local governments.

Local Assemblies: Each local government establishes its own assembly. It is composed of members elected by direct popular vote. The number of assembly members is defined by the Local Autonomy Law according to the population of the local area. This number can be reduced by a by-law. The term of office of an assembly member is four years.

The most important power of local assemblies is local decision-making, particularly the enactment, amendment and repeal of by-laws and adoption of the budget. Their authorisation is also required for the appointment of deputy governors and mayors and members of boards of education and public safety commissions, and for settling accounts. The assembly deliberates on bills, the draft budget and other matters in its regular sessions (held no more than four times a year) and in special sessions convened as required. Local by-laws may not violate prefectural by-laws, and prefectural by-laws may not contravene national laws.

Executive branch: The chief executive, who plays the leading role within the executive branch of local government, is elected directly by the people for a four-year term. He represents the local authority and looks after its general affairs. He submits bills to the assembly, co-ordinates and implements the budget, levies local taxes and users' fees, acquires, manages and disposes of property, and handles all tasks which do not fall under the jurisdiction of any other executive body. The chief executive enjoys broad-ranging powers in order to carry out these functions, including the right to establish regulations, appoint and dismiss personnel, provide supervision and direction and set up any necessary administrative organisation. He is also vested with general co-ordinating authority which extends over other executive bodies.

In addition to the chief executive, there are other executive bodies (Committees) as provided for by the Local Autonomy Law. They are allowed to work independently of the chief executive for the purpose of political neutrality and unbiased functions. These independent executive bodies are as follows:

- In both prefectures and municipalities:
 - Education Committee;
 - Election Administration Committee;
 - Personnel (or Equity) Committee;
 - Inspection Committee;
- Only in prefectures:
 - Public Safety Committee;
 - Local Labour Relations Committee;
 - Expropriation Committee;
 - Maritime District Fishery Adjustment Committee;
 - Internal Fishing Grounds Administration Committee;
- Only in municipalities:
 - Agricultural Committee;
 - Realty Valuation Re-examination Committee.

There is no “non-partisan” tradition in Japan where all local elective offices are “partisan”. In the local elections, political parties take an active part in recruiting and electing various candidates. Additionally, Japanese elective posts are not honorary but full-time positions with monthly remunerations and other financial supports. They are, therefore, required to commit their entire time to activities in the local political scene.

There is also often a reverse relationship between the level of election and the rate of voter turnout in Japanese elections. Ordinarily, the lower the level of government, the higher the rate of voter turnout. In the council elections for towns and villages, the voter turnout often reaches 90 per cent. In 1991, it was 87.18 per cent, although the average turnout of the elections for the House of Representatives remained at around 70 per cent. In the 1994 Lower House election, the turnout rate was only 67.26 per cent.

Type and degree of local autonomy

The 1947 Constitution states that “local public entities shall have the right to manage their property, affairs and administration and to enact their own regulations within law.” Despite this provision for local autonomy, the basic pattern of managing service delivery in Japan remains generally centralised.

The system which emerged in 1947 is one where the national government lays down a centrally defined uniform structure and ground rules within which local entities function. In general, as compared to the pre-war system, the new model can be characterised as more decentralised in that the new Constitution recognised a principle of local self-government which is reflected in arrangements such as the direct participation of citizens in local administration.

Under the current local autonomy system, it is hard to draw a clear line between the jurisdiction of local governments and that of central government, although it is mostly agreed that the degree of autonomy of local governments is limited and that many policies are formulated and decisions taken at the central level. The type and degree of autonomy which local governments are entitled to have differs greatly across sectors. This is the result of complexity of practices accumulated over a long time, rather than the application of a set of principles.

Local authorities can do anything (except in certain fields -- see section 1.3) so long as they do not infringe on the national legal framework. In the Japanese legal system, national laws and Cabinet ordinances (which must be based on national laws) always take precedence over by-laws of prefecture governments; and by-laws of prefecture governments over-rule those of municipalities. The fact is, however, that the central government has established national laws in major policy areas, keeping control over local governments. This situation can partly be attributed to the highly centralised system of administration in the pre-war period.

The Local Tax Law provides the framework for local taxation, including the kinds and rates of taxes allowed. There is little room for local governments to take discretionary decisions. Normally, the tax offices of local governments are in regular contact with the Local Tax Bureau of the Ministry of Home Affairs and follow directions and guidance from it, whether they are legally compulsory or not.

The Local Autonomy Law also has provisions on the maximum number of internal departments allowable in prefecture governments and other details on the internal organisation of local governments. Local governments have, therefore, only limited authority for their own organisational design.

1.3 *Responsibilities*

Distribution of responsibilities

The Local Autonomy Law stipulates that authority is distributed between local governments and central government according to the premise that local governments do *not* deal with the following:

- juridical affairs;
- criminal punishment;
- transportation and communication at the national level;
- postal services;
- national institutions of education and research;
- national hospitals and sanatoriums;
- facilities for navigation, meteorology, and sea channels;
- national museums and libraries.

The major sectors where local governments have a policy role according to the principle of local autonomy and where their activities are not confined to the implementation of policies decided on elsewhere, include:

- social welfare and health;
- local development including city planning and water supply;
- local business development;
- youth policy and basic education including management of primary, junior high and senior high schools;
- environmental protection including pollution prevention.

These activities of local governments are referred to as the “inherent functions” of local governments.

Mandatory, optional and shared responsibilities

The activities of local governments are divided into two categories: “inherent functions” and “delegated functions”. Inherent functions are those which are supposed to be carried out by local governments according to the principle of local autonomy, while delegated functions are the activities of central government which have been delegated to local governments for implementation.

The inherent functions are noted above and also include the management of public hospitals, the local police system, and the fire fighting system. Central government also exerts influence over local governments in these fields through mechanisms such as subsidies and due to the precedence of national laws over local by-laws.

Delegated functions are sub-divided into “mandated functions” and “agency delegated functions”. Mandated functions are those entrusted to local government by central government, public corporations and other bodies by statutes and Cabinet ordinances. Local governments have some degree of

discretion in carrying them out, e.g. in designing programmes, and local assemblies can deal with these functions in the same way as the inherent functions. Examples of these functions include the construction of primary and secondary schools and the establishment of hospitals for infectious diseases.

The agency delegated functions are different from mandated functions in that local governments have virtually no discretion with respect to the former. They are not entrusted to the local government as a whole, but to the chief executives or other executive bodies of local government. In implementing these functions, the chief executives and other executive bodies are regarded as “agencies” of central government and must comply with the directions and orders received from the relevant minister. In principle, local assemblies do not have the right to discuss and decide on issues relating to the “agency delegated functions”. In order to implement such functions in local governments, the “mandamus” system is applied.

There is evidence of a trend towards a decrease in local government autonomy through the growth in the number of both mandated functions and agency delegated functions. Currently the number of agency delegated functions is over five hundred. Some estimate that they account for 70 to 80 per cent of all the activities of prefecture governments.

2. Management functions

2.1 Policy-making and co-ordination

Coherence, consultation and conflict resolution

The issue of policy co-ordination is perhaps less problematic in Japan than in many OECD countries due to the strong and extensive role of the central government. In the major policy fields, the typical relationship between central government and local governments is one where central government, as the senior authority, decides on policies, sets directions and gives guidance which chief executives of local governments follow and implement as agents of individual ministries. In this sense, there is less necessity for mechanisms to secure policy coherence in Japan.

But the Japanese administration is facing a different kind of problem regarding policy co-ordination. Individual ministries tend to set up regulations, directions, and guidance and to impose them on local chief executives that act as their agents without sufficient policy co-ordination internal to the central level. As a result they may be duplicative or even contradictory. Critics claim that the lack of effective policy co-ordination at the central level leads to inefficiency in local governments.

2.2 Financial management

Sources of revenue

Local taxation is the most important source of revenue of local governments and accounts for 35 per cent to 40 per cent of the total, although there has been a major drop in the last six years; from 44.3 per cent in 1988 to 35.2 per cent in 1993. In 1950, the system of local taxes was totally revised and the Local Tax Law was introduced to establish the current local tax system. While taxes added onto national taxes were the core of the former local tax system, local taxes are in principle independent in the current system. The Local Tax Law provides the framework of the local system, including taxable items and their rates. In addition, individual tax systems are managed by local governments in close

consultation with the Local Tax Bureau of the Ministry of Home Affairs. There is, therefore, little variety between the individual tax systems of local governments.

Japan has a system of grants from central government to local governments, to fill the gap between the expenditure local governments are supposed to carry out and the revenue that they can actually raise. The central government grants can be divided into two categories: global grants (usage decided by local governments); and grants where the usages are predetermined by central government (“National Treasury Reimbursements” in the Japanese terminology).

There are two kinds of global grants; a “Local Allocation Tax Grant” and a “Local Transfer Tax Grant”. In 1993, the former accounted for 88.5 per cent of the total amount of global grants. The Local Allocation Tax Grant is a major system of equalisation between the financial capabilities of local governments. Its main purpose is to enable local governments to provide a “standard level service” solely with this grant and local tax revenues. A certain portion of revenue from national taxes (at present 32 per cent of the total amount of income tax, corporation tax, and liquor tax; plus 24 per cent of consumption tax and 25.5 of tobacco tax) is statutorily reserved for this grant.

Table 3 shows the composition of local government revenues and Table 4, the proportion of income from different local taxes.

Table 3. Main revenue sources of sub-national governments (1993)

	(per cent)		
	Prefectures	Municipalities	All local governments
Local Taxes	31.2	35.6	35.2
Global Grants from Central Government	18.1	18.7	18.3
Specific Grants from Central Government	18.5	8.9	14.4
Grants from Prefectures to Municipalities	--	4.7	--
Bonds	14.5	12.4	14.0
Others	17.7	19.7	18.0
TOTAL	100.0	100.0	100.0

Source: “*Chiho Zaisei Hakusho*” (White Paper on Local Finance), 1995, Ministry of Home Affairs, Government of Japan.

Table 4. Composition of local government revenues by resource item (1992)

	Revenue (billion yen)	(%)
<u>Prefectoral Taxes:</u>		
Enterprise Tax	5 694	38.4
Prefectoral Inhabitants Tax	4 912	33.1
Automobile Tax	1 412	9.5
Light Oil Delivery Tax	901	6.1
Real Estate Acquisition Tax	670	4.5
Others	1 244	8.4
TOTAL	14 833	100.0
<u>Municipal Taxes:</u>		
Municipal Inhabitants Tax	10 179	51.6
Fixed Assets Tax	7 179	36.4
City Planning Tax	1 110	5.6
Tobacco Consumption Tax	648	3.3
Others	619	3.1
TOTAL	19 735	100.0

Source: *The Management and Reform of Japanese Government*, Second Edition, The Institute of Administrative Management, 1995, Tokyo.

Expenditure responsibilities

The total annual expenditure in the ordinary accounts of all local governments in fiscal year 1992 (1 April 1992-31 March 1993) amounted to 95 533.5 billion yen, of which 47 439.7 billion was spent by prefectural authorities and 48 093.8 billion by municipal authorities including Tokyo's wards. After the adjustment for transfer payments between local governments, the net annual expenditure in the same fiscal year was 89 559.7 billion yen. The evolution of this amount since 1975 is shown in Table 5.

Table 5. Comparison between central and local government expenditures (1975, 1985, 1990, 1992)

	(gross annual expenditures in selected fiscal years)			
	1975	1985	1990	1992
Central government	22 758.4	55 148.3	74 190.7	77 140.7
Local government	25 654.5	56 293.5	78 473.2	89 559.7

Source: *Local Public Finance in Japan, 1995*, Ministry of Home Affairs.

The enormous increase in local government expenditure during the last 30 years has been caused not only by inflation but also a great expansion of local government functions in various fields,

encouraged by the spread of the concept of the “Welfare State”. Major expansion occurred in particular in the following fields:

- education: extension by three years of the term of compulsory education; and a great increase in the number of children and high school students;
- social welfare: enactment of the Livelihood Protection Law, Child Welfare Law, Aged People Welfare Law, and other statutes;
- public health service;
- public works, such as the construction of roads, bridges, and other infrastructure development.

The allocation of public expenditures needed by central and the local governments is stipulated by the Local Finance Law, as follows:

- a) In principle the expenditures required by a local government or its bodies to execute its functions must be borne by the local government concerned.
- b) Central government bears the entire or partial cost of expenditures mentioned in (i) incurred in the execution of certain categories of work.
- c) Local government has no obligation to bear the cost of work it performs exclusively in the national interest and is being carried out by the local government only because local execution is more efficient and convenient for the public (e.g. expenditure concerning election of Diet members, and the national census).
- d) Local government pays part of the cost of large-scale public construction or disaster restoration projects by the central government when legally stipulated.

Table 6. Total annual expenditures of all local governments by purpose (1992)

(“Ordinary Account”, fiscal year)		
Expenditure (by purpose)	Amount (million Yen)	(%)
Public Works	21 633 239	24.2
Education	18 405 977	20.6
General Administration	10 108 692	11.3
Social Welfare and Security	9 935 321	11.1
Debt Charges	7 114 956	7.9
Agriculture, Forestry and fisheries	5 676 190	6.3
Health and Sanitation	5 614 255	6.3
Commerce and Industry	4 445 366	5.0
Police	2 970 319	3.3
Fire Protection	1 577 309	1.8
Local Assembly	570 957	0.6
Employment and Industrial Relations	538 136	0.6
Disaster Restoration	536 560	0.6
Miscellaneous	426 770	0.5
TOTAL	89 559 705	100.0

Source: Local Government Finance Bureau, Ministry of Home Affairs.

Balance between discretion and control

Distribution among local governments is decided according to a set of formulae established by central government, taking into account factors such as population. There is also a mechanism of control by the central government over bonds issued by local governments. Local governments must obtain permission from the Minister of Home Affairs in order to issue local bonds, and the central government often purchases local bonds by using financial resources from postal savings.

2.3 Human resource management

Statutory distinctions: Public employees are divided into national public employees working in central government organisations and public employees in local government. The local public employees are governed by the Local Public Service Law, administered by the Public Service Personnel Department of the Ministry of Home Affairs. The Local Public Service Law provides a single uniform personnel system for both prefectures and municipalities. It establishes ground rules for key personnel functions such as selection, appointment, position management, working conditions, status, promotion, discipline, training (mostly provided by prefectures and municipalities within their own training institutes), work performance evaluation and the protection of employee benefits and welfare. In addition, it exempts local public service employees from many of the national laws dealing with labour relations and creates a special labour relations environment for the public service which permits employees to organise and to bargain, but does not give the right to strike. Specific categories of local public employees, such as police and teachers, are subject to special laws, in addition to the Local Public Service Law. Special treatment is given in the Local Public Service Law to “Special Service” public employees (e.g. political officers, such as chief executives of local governments, and members of local assemblies and committees).

The Local Public Service Law stipulates that prefecture governments and so-called “designated cities” should have a Personnel Committee and other municipal governments should have either a Personnel or an Equity Committee. These committees have a major role in implementing the ground rules established by the law, in formulating personnel management policy, and in determining pay and other working conditions. They are allowed to work independently of the executive and legislative branches, in order to secure political neutrality in the administration and desirable working conditions for local public employees. They are vested with the authority to submit opinions to the chief executive and to the local assembly on the introduction and revision of by-laws regarding personnel management. Normally, pay revision for local public employees takes place in accordance with the opinions of these committees. Generally speaking, personnel policies initiated by them follow the personnel policy for public employees in central government, in part due to guidance from the Ministry of Home Affairs.

Japan's local governments employ a total of 3.3 million workers, of which Tokyo Metropolitan Government (the largest in terms of the number of public employees) has a total of 204 270 officials including over 64 000 school teachers and some 41 000 police officers; and serving a population of over 12 million.

The number of government employees by level of government is presented in Table 7.

Table 7. Government employees by level (1980, 1985, 1990, 1993)

	(fiscal years and fixed numbers)			
	1980	1985	1990	1993
National	1 199 177	1 187 526	1 171 763	1 163 943
Local (prefectures)	1 705 587	1 744 633	1 741 447	1 742 121 ⁽¹⁾
Local (cities, towns and villages)	1 462 157	1 477 386	1 486 871	1 512 170 ⁽¹⁾
TOTAL	4 366 921	4 409 545	4 400 081	4 418 234

1. 1992 fiscal year.

Source: *Public Management Developments: Update 1995*, OECD, 1995.

2.4 Regulatory management and reform

Prefectural governments act as co-ordinating bodies on issues that transcend any one municipality, and as agents for the national ministries with respect to policies carried out by the municipalities. The role of the prefectures is, however, a subject of considerable discussion in Japan. At this time, their status is not very clear as the prefectural government is a regional local government in the present local government system, but it operates virtually as an agent of the central government.

Despite the principle of local autonomy, expansion of mandates and “delegated” functions from national ministries to local governments has created a “highly centralised” regulatory system. This reflects in part the desire of national ministries to have policies implemented nationally in a uniform and standardised manner, and in part a distrust in the national ministries concerning the capacities of local government.

Centralisation has, however, only recently begun to be reversed. The “*Guideline for the Promotion of Reform concerning Relationships between National and Local Governments*” was adopted as Cabinet policy in 1989 in accordance with the Second Report of the Provisional Council for the Promotion of Administrative Reform (PCPAR). In 1991, after several earlier versions had failed, the Diet succeeded in enacting a bill expanding the influence of local assemblies over delegated functions. Another law transferring regulatory authorities from the national to local governments, including decisions on agricultural land usage and municipal planning, and abolishing other regulations was enacted in April 1991.

In 1992, the Third PCPAR recommended that 10-20 pilot local governments be designated “to promote decentralisation of power,” and that such pilot governments be given more autonomy in a number of areas, including city planning and development, welfare, public health, and education, each of which currently requires some kind of approval by national ministries or by prefectural governors as agents of central government.

The incremental nature of decentralisation reform, despite its high political priority, indicates that, as officials of the Management and Co-ordination Agency have noted, it has been “the most difficult of reform goals” and local governments, it is fair to say, are not necessarily happy with the progress made.

Local government use of its regulatory authorities has also been a concern. Improvement of the permission/authorisation requirements implemented at local levels has been, for example, a significant

part of the deregulatory programme. Since 1985, the Ministry of Home Affairs has supervised a scheme of local administrative reform intended to realise “simple but efficient mechanisms” at the local level.

3. Trends in redistributing authority across levels of government

3.1 *Evolving tendencies*

Japanese experience indicates that decentralisation is extremely difficult to achieve due to many political and administrative impediments which often work against the dispersion of powers. However, ongoing experience seems to suggest that decentralisation is inextricable from the democratisation of the country. From the late 1960s to the early 1970s, Japan witnessed the rise of progressive local governments in different urban communities. As often as not, these governments initiated various innovative policies long before the national government adopted them as nation-wide programmes. These local policies contributed much to the alleviation of pollution and the improvement of various health and welfare programmes of the country.

In December 1991, Japan's Third Provisional Council for the Promotion of Administrative Reform (PCPAR) submitted a report to the Prime Minister. It proposed to designate a number of cities or coalitions of municipalities with a population of more than 200 000 as “pilot local governments”.

This scheme has the purposes of devising special measures concerning national permissions and authorisations, subsidies, etc., the issuance of local government bonds and commissioned affairs, so that cities, towns and villages (separately or jointly) will be able to display more independence and responsibility in dealing with regional development; making the transition to a system based on an evaluation of results; and planning more promotion of decentralisation.

The idea was approved by the national government and put into effect in April 1993. Initially, the national government planned to designate approximately 20 local authorities as pilots, and 33 communities had been designated by 1995.

A certain lack of enthusiasm for this initiative may be accounted for by several factors. One is that as in many other countries, Japanese officials in the national administration tend to form “fiefs” to protect their own jurisdictions and to fend off encroachment by other officials. This recalcitrant tradition can impede the transfer of power from national to local levels. This is particularly true where licensing and approval is involved.

3.2 *The current debate*

After the split of the Liberal Democratic Party (LDP), the first non-LDP government in the last thirty-nine years was formed under the leadership of Prime Minister Hosokawa in July, 1993. The Hosokawa Cabinet put administrative reform high on the policy agenda and showed a strong determination to promote decentralisation. Accordingly, ministries were required to take further steps towards decentralisation.

Mr. Hosokawa stepped down in April 1994. The party composition of the ruling coalition changed, with the LDP coming back to power, and the Murayama Cabinet was inaugurated in June 1994. There has, however, been no major change in decentralisation policy and decentralisation has remained a top policy issue. In December 1994, the Murayama Cabinet adopted and announced the “General Guideline for Decentralisation”. This spelled out basic policy on the devolution of national powers and

called for a bill, "Decentralisation Promotion Law", to be submitted to the Diet with a view to establishing a legal basis for promoting decentralisation. The bill became a law in May 1995.

The Decentralisation Promotion Law provides a time schedule and legal and administrative procedures which central government should follow in the promotion of decentralisation, but does not stipulate which components of decentralisation should be carried out by central government. The planning of items to be devolved is left to the "Decentralisation Promotion Commission", which the law newly established in the Prime Minister's Office. It consists of seven commissioners from the private sector and a Secretariat composed of government officials. The Commission is scheduled to make a recommendation to the Prime Minister on decentralisation and other relevant issues by the end of 1996.

It remains far from clear, however, to what extent devolution of authority from central government to local governments will be successful, because of strong opposition to decentralisation in the central bureaucracy. For example, 33 of the 47 governors regard the central bureaucracy as a major obstacle to decentralisation. The Decentralisation Promotion Commission can expect to face many impediments in planning a decentralisation package.

3.3 *Driving forces*

The argument in favour of central control may have been tenable in the 1950s or 1960s, when Japan was less affluent. Since then the Japanese society has become more diverse and complex. Needs in one locality do not always correspond to those in other areas. In Tokyo, for instance, the demand for public day-care nursing facilities stays strong especially among young working families, while in rural areas there has been an out-migration of young people causing the median age of the population to increase substantially. In these areas, local governments must prepare programmes to cope with the ageing of the population.

In these more pluralistic circumstances, centralisation can appear inappropriate or even obsolete, and decentralisation holds appeal as a new guiding principle, particularly among Japanese academics. The idea of decentralisation has, as a result, become one of the major rallying points for both conservative and progressive political parties.