

# Movement to Decentralization in Japan: from Meiji Period to Enactment of Omnibus Decentralization Law

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## Abstract

The objective of this article is to document the movement of decentralization reform in Japan and its relationship with the administrative reforms, as well as to acknowledge the movement of the citizens' participation. The post war centralization of the administrative system for the post war development collapsed due to the problems which arose from the industrial development in the 1960's. It was then followed by the movement of the citizens and the movement of reformist local government to replace the administrative power of conservative politicians in order to solve the citizens' living problems. Together with the financial recession and the citizen's movement and reformist local government in the 1970's, the tendency for decentralization and participation was clearly evident. Decentralization in Japan was one of the points of administrative reform which had developed from many factors; the tendency toward globalization, the national financial crisis, and both the citizen's movement and the reformist movement. After the enactment of the Comprehensive Decentralization Law (Omnibus Decentralization Law) in 2000, citizen participation and collaboration with the government sector have been the major issues in determining decentralization.

**Key words:** local autonomy, administrative reform, citizen movement, decentralization

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**Part I Post War Japanese social  
circumstances and the leading to  
Decentralization**

**Post war's tendency of Decentralization:**

**1. Condition of pre war centralization**

Centralization in Japan was started formally by the Revolution for Local System in June 1869, when Japan began to modernize in the Meiji Period. The central government had appointed the governors to work in 9 Fu (府) and 20 Prefectures (県) and also appointed the Daimyou to be the governors (知藩事) of 273 territories which were originally called Han (藩). Though the system was abolished in 1871, the Han were entirely abolished by the Revolution for Local System.

During the Meiji period, local autonomy began to be established in order to facilitate the centralization process which began in 1871 when the Family Register Law was launched. The administrative districts known as the Daiku (大区) and Shouku (小区) were established to replace the traditional towns and villages. The number of traditional towns and villages at that time were about 81,426 and had been divided into 6,748 Ku (区), and at the ward or Ku, the public

servants were appointed, but most of them were persons with good reputations in the districts. However, the formation of the administrative districts of Daiku and Shouku had not been successful.

In 1871, the number of Fu and Ken (Prefectures) were 3 and 306 respectively. In December, they were merged to be 3 Fu and 72 Ken. The numbers of municipalities were 19 cities and 12,194 towns and 59,284 villages<sup>1</sup> in 1884. In 1888, about 300 to 500 traditional villages had been merged; it was known as "Meiji Great Merger". The degree of local autonomy was also decreased to strengthen the administrative finances for the construction of the modern nation<sup>2</sup>. Due to the Great Merger of Towns and Villages in Meiji, the number of towns and village decreased from 71,314 to 15,820<sup>3</sup>. Meanwhile, the central government had launched various systems; such as the official delegation system to administrate local autonomy at the prefecture level and to control the local autonomy at the municipal, town and village level<sup>4</sup>. The real

<sup>1</sup> 田中豊治『まちづくり組織社会学』良書普及会2002年、p.60

<sup>2</sup> 田中豊治、前掲書、p.64

<sup>3</sup> 市町村自治研究会『市町村合併ハンドブック』ぎょうせい、2002年、p.4

<sup>4</sup> 田村明『自治体学入門』岩波書店、2003年、pp.40-41

local system and the centralization for local autonomy were established when the municipal system had been launched at the municipal, town and village, and prefecture level from 1888 to 1890. Even though the centralization system had been established all over the country, the communication system between Tokyo and the region was not fully equipped and the actual local condition had not been changed from the Edo Period. In 1878, the central government had launched the Three New Laws which were the Regulations for the Prefecture Council (府県会規則), the Law for the District Organization (郡区町村編成法), and the Regulation for Local Tax (地方税規則). The essential points for the Three New Laws were (1) to revive the local governing of the traditional towns and villages (2) to acknowledge Prefecture Council and Town and Village Council officially. Due to the role of the council as the base for the movement of human rights, the establishment of citizen assembly in each prefecture has not been successful in keeping the local society in order. After that, the “City Code” and “Town and Village Code” were enforced in April 1888. In May 1890, the “Prefecture Code” and “District Code” were enforced. Followed

by the Meiji constitution which was launched in 1898, the Congress was established in November 1999. The establishment of Congress was considered to be a necessary component of the progression of the human rights movement in this period. Due to the number of representatives of human rights groups in the Congress, the establishment of the local system of autonomy in Japan was considered to be the intention of the government in order to avoid a conflict between the Meiji government and those representatives, as well as to initiate the self-government system in the traditional villages involving the relevant persons with positive reputations at the local level<sup>5</sup>.

The local autonomy system continued to be developed in 1906 by the “Management of Region”, for which people had to oversee and distribute both labor and money for road construction and to facilitate specific aspects of the education system as voluntary objectives. However, the local autonomy was not considered to be of the people’s rights but, moreover a component of the people’s duties (Tanaka

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<sup>5</sup> 新藤宗幸 阿部隆『日本の地方自治』  
東京大学出版会、2006年、p.4

Toyaji, 2002). In 1925, the Election Law was launched, and all the adult males had the rights to vote. However, in the war time, Japan was strictly controlled by the military authority. In 1940, the Ministry of Home Affairs had launched the rules to establish the resident community organization as Burakukai and Chonaikai to control each and every citizen under national policies. The centralization system from the Meiji Restoration had been strengthened during war time, and the central government controlled the citizenry by the modernization policy of centralization from the Meiji Restoration until World War II.

## **2. The Government's movement to post war decentralization**

After Japan was defeated in WW II and occupied by the US Occupation Forces, democratization became one of the policies of the highest priority instituted by the US Occupational Forces to decentralize the power of the central government during the first period of the post war era. This, in turn, caused a drastic change to the system of localised autonomy in Japan. From the instruction of the US Occupation Forces, post war decentralization in Japan began as a

highly centralized fiscal and political system. As the period of control under the US Occupation Forces during 1945 to the early 1950's, Japan had adopted a number of major decentralization processes as well as many elements of the American central-local government system including direct local elections of all prefecture governors and mayors in place of the official pre-war system. Despite the opposition from bureaucrats of the Ministry of Home Affairs, policies were implemented aggressively at the intention of the US Occupational Forces. The decentralization of many functions of the pre-existing government to the local government was implemented. This was significantly different from the pre-war government system modeled from the German system. As a result of post-war decentralization, the percentage of total central government expenditure declined from 80% to 45% from 1945-1950.

The post-war reform changed directions toward decentralization for local government. However, the centralized system between the central and local governments was still maintained by the following points; 1) the Agency-Delegated Function System, which had been used

prior to the war at the municipal level, was used at the prefecture level following the war. The governors then became the central government officials and the prefectures adopted the status as being complete, local autonomous bodies, which made the hierarchical and superior-subordinate forms of relationships between central and local government and also could be seen in the relationship between the prefectures and the municipalities, 2) even though supervision and control had decreased, controls and regulations were exercised over duties of local governments by means of notification from the central governmental ministries and agencies, 3) national treasury subsidies and obligatory shares were used as the medium of financial procedures involved in central government disbursements as the measure of control and intervention, 4) the dependent attitude of the local government to central government was established through directions, guidance, and financial help from the central government, which had contributed to the continuance of a superior-subordinate relationship between the central and local governments<sup>6</sup>.

The Japanese constitution was promulgated and enforced from 3<sup>rd</sup> May 1947 onward. The word “local autonomy” has been noted in chapter 8 of the constitution, but had not been prescribed in the Meiji constitution. The local autonomy had been prescribed from articles 92 to 95. As in article 92, it was prescribed that the local budget had to be utilized for the objectives of the local autonomy<sup>7</sup>. The relations between the central and local government had also been changed by the post war decentralization, as the system of local autonomy had been revised in 1946. The Local Autonomy Law was launched in 1947 thereafter. On 17<sup>th</sup> April 1947 the Local Autonomy Law had been enacted. Until then the pre-war local system had instituted laws separately as the Law of Hokkaido, and by other local systems. Since then the Local Autonomy Law had become the code for local autonomy in Japan. All the prefectures were then designated as being local autonomies under the Japanese Constitution,

<sup>6</sup> Hiroshi Ikawa, “Up-to-date Documents on local Autonomy in Japan Vol.4: 15 years of

Decentralization Reform in Japan”, National Graduate Institute for Policy Studies, p.11  
<sup>7</sup> 渡辺誠一『入門地方財政論』大日本法令印刷、1997年。p.12

Another post war decentralization movement was the dismantling of the Home Affairs Ministry. The national police had come to be controlled by the local autonomy. Compulsory education had been changed to an Educational Committee chosen from public elections as well as other ordinances for self government, such as the Mayor and Governor Recall system. By then, direct claims from the citizenry began to provoke post-war democracy in Japan.

Another significant post-war movement that had an influence on the local government was the tax system. This system which separated tax resources between the central government and the local government by the “Shoup Report”. From the order of the US Occupational Forces, the tax system survey was initiated nationwide by the group led by Dr. Carl S.Shoup from Columbia University, U.S.A. The scheme for the tax system revolution had been instituted in September 1949, and was called “The Shoup Report”. The Shoup Report has about 14 chapters. The general idea is, “For the future development and the welfare of Japan as well as other countries. It is defined by the quality and quantity of the local government”<sup>8</sup>

From this declaration, the tax system from the Meiji period had been dismantled and the systems of local taxation, known as prefecture and municipality taxes were enacted. In December 1949, the “Committee for Local Government Investigation”, commonly known as Kambe Committee (神部委員会), was set up at the Cabinet Office. This was to study the distribution of administrative office work in order to improve the distribution of responsibilities between the central government and the local government. It was then initiated to give priority to the municipality<sup>9</sup>. The tendency of post-war decentralization had been systemized both for taxation and administrative work until the High Growth Economic Period.

The Japanese economy recovered from the recession after WW II, and was highly developed in three periods; in 1955 as the Kambu Boom (神武景気), during 1958-1961 as Iwato Boom (岩戸景気), and during 1965-1970 as Isanagi Boom (いさなぎ景気). These periods were called the High Growth Economic Period.

<sup>8</sup> 田島義介『地方分権の歴史』岩波書店、1996年

pp.199-200

<sup>9</sup> 田村明、前掲書、p.48

Japan became the 2<sup>nd</sup> in the world ranking for gross national product and surplus for the international balance of payment. However, from the economic development which was extended for a 20-year period, the problems of large urban centers, such as population inflow and death from traffic accidents, peaked in the 1970's. From then on, Japan faced serious problems from industrialization and urbanization. As other western countries facing industrialization and urbanization problems in the late 19<sup>th</sup> century, Japan solved the problems by providing public service with the policy of national minimum. In this way, people would receive public service equally from the government and the government became to be seen as a Welfare State in the 20<sup>th</sup> century. From this movement in 1973, it was then known as the "First Year for Welfare" (福祉元年) in Japan. The central government had provided services, such as free medical treatment for senior citizens and a 50,000 yen pension program. This caused an increase of annual expenditures for social security from 11.0% in 1970 to 17.8% in 1980. The Japanese central government had to absorb the burden of this added welfare

expenditure, and thus became to be seen as big government (大きな政府)<sup>10</sup>.

## Part II High growth economics and its effect to the movement of the reformist local autonomy and the citizen's movement

### The Economic high growth period and the development of the post war plan for decentralization

According to the "Outline Plan for Land Reconstruction" in September 1945, the great number of unemployed and demobilized workers went back to their farming villages. As a consequence, the population in cities in 1945 was the same as that during the period lasting from 1930-1935, and the overall degree of agricultural labor increased by 50%. However, during the Korean War in 1950, the mining industry became revived and the number of laborers in the manufacturing industry increased. Japan was faced with significant inflation after WW II, from 1946-1951. The special procurement boom from the Korean War

<sup>10</sup> 総務省編『総務庁年次報告書平成3年版—90年代行政の役割と展開』大蔵省印刷局、1994年、p.7

(1950-1953) helped Japan to recover from this inflation. Nonetheless, Japan's domestic business became worse due to the worldwide business recession which occurred in 1951.

By the influence of demand from the Korean War from 1950-1955, Japan's economy expanded once again. The increasing demand for energy and an expanded need for a designated food supply to sustain laborers became a relevant agenda. With an objective to increase both fishery and forestry resources and to develop electricity, the government had enacted the Comprehensive Land Use Development Law (国土総合開発法) in 1950 with an aim to develop the resources to address the challenges of a lack of both food and energy resources after WW II. In 1955, Japan's economy appeared to have recovered, as it was documented in the Economics White Paper of 1956 that "Japan is no longer in the post war condition".

From 1955-1960, many commercial enterprises and factories had expanded to the more rural regions, the Promotion of Local Development Law was enacted in the region of Tohoku, Kyushu, Shikoku, Chukoku, and Hokuriku, to provide the facilitation for this

expansion of industrialization. The concrete concept of this law was to specifically develop the above regions as well as Hokkaido. By this law, the steel and oil industry had gradually expanded to the more local regions. In 1955, it was the period of regional development focusing on industrial development. Japan then turned to face the peak period of growth for expansion of the heavy and chemical industries at that time.

In 1960, according to the Double National Income Plan by the Takeda Cabinet, the government had arranged the Pacific Coast Belt Zone to be the industrial base of industrial development together with the Plan for the Establishment a New Industrial City (新産業都市建設計画) to support the industrial development and enterprise investment. They were highly promoted. As a result of this plan, Japan experienced a high growth economic period and proved to be a heavy and chemical industrialized country. By the expansion of heavy industries to the local level, the usage of land and other resources such as localized water and labor was used in high quantities; the problems of overpopulated cities and under populated rural areas and the



problem of regional disparity became worse in Japanese society. The components for manufacturing, such as laborers, capital and processing were focused in three big cities: Tokyo, Osaka and Nagoya. Urbanization expanded to rural areas as well. The economy's disorder was clearly seen from 1963 onward. The lives of the local citizenry and the public services derived from the local government were getting worse. The economy suffered an imbalance, such as in the disparity of the citizen's income, in the higher prices of goods, and in the quality of the living environment in the local regions, which were all getting worse.

The National Comprehensive Development Plan (全国総合開発計画) was enacted on 5<sup>th</sup> October 1962 by Ikeda Cabinet. This was established to solve the problems of excesses in big cities, the regional disparity and to develop other particular areas. With this plan, the industrial bases were rebuilt all over the country. The developmental region was then divided into two parts: which included the three big cities of overpopulation as well as the outskirts of those areas. The leading role of the central government was clearly seen to relieve the pressures brought on to the overpopulated

industrial areas as well as to develop many zones as developmental bases. Meanwhile, the role of the local government was very much limited due to the centralization of the central government to fulfill the objective of this plan.

The central government had launched plans to solve problems and establish the base for international financial competition such as the New National Comprehensive Development Plan (新全国総合開発計画), and the New Economic Society Development Plan (新経済社会発展計画). However, the international balance of payment had been brought to the economy's recession in 1965. This was the Showa year 40<sup>th</sup> in Japan and is known as "the 40<sup>th</sup> Year Recession". The government had issued the bond to address the problems of an insufficiency of tax revenue, and Japan had experienced a business boom from 1967-1970, which was called the Izanagi Boom.

For the New National Comprehensive Development Plan (新全国総合開発計画), approved by the Sato Cabinet on 30<sup>th</sup> March 1969, the government had to promote big scale projects to improve and dissolve the

problems of over population, under population, and the problem of regional disparity. The communication and transportation system such as the bullet train and the network of highways had been constructed all over the country. By the development of motorization, the policy for the local government to administrate in wider areas across its own territory had been promoted by the local government, and this was the first stage for local autonomy. The plan for huge projects, such as large scale industrial development and the increased scale of environmental preservation had encouraged the local government to boost their responsibilities and independence. However, centralized relations between the central government and the local government by the region and for project designation proved to be challenging for the local government due to the tendency to avoid centralization and control by the central government.

From the summer of 1970, the Japanese economy was in recession. From the Richard Milhous Nixon Shock in July 1971, the economy had been stagnant. The first oil shock in 1973 had caused unusually high inflation. In 1974, the economic growth

was recorded as being negative for the first time since after WW II. With the problems of the recession of economic growth from the first oil shock crisis, the dispersion of population and industry to local areas, along with a limited amount of energy and resources, had all been clearly seen. The financial deficit expanded in 1975. The year of 1979 was the first time that the budget dependence on national bonds reached 39.6% <sup>11</sup>. Another effect that took place during the high growth economic period was the impact upon the agricultural environment which was severely degraded due to the expansion of housing sites and factories in the outlying areas of the big cities. This also resulted in higher prices on land, higher wages and insufficient labor. In addition, this industrialization caused the gradual decrease of agricultural land. The government, by the Fukuda Cabinet, had launched the Third National Comprehensive Development Plan

(第三次全国総合開発計画) on 4<sup>th</sup> November 1977 to lessen all those problems from urbanization and industrialization. As a

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財政政策研究会編『財政データブック—財政の現代と展望』大蔵省、2000年、pp.78-81

result, the localized area was promoted for its unique characteristics. The result of the Second National Comprehensive Plan, which had established the hardware network for transportation and software network within the local government, along with the tendency of the Period of Local (地方の時代), which served in the important role to strengthen and expand the function of the local government both in its authority and as a financial resource.

However, the problems caused by the concentration of populations to and the effects upon Tokyo were more serious. With unemployment problems in the localized area from the rapid change of industrial structure, together with the progress of globalization, the Nakasone Cabinet had launched the Fourth National Comprehensive Development Plan (第四次全国総合開発計画) on 30<sup>th</sup> June 1987. The plan was enforced in 2000 establishing the relations network to improve the overflow of migration to Tokyo by the multipolarization and decentralization model of land use. The government had promoted the measure to revive the characteristics of local regions to lessen the over-concentration problem of Tokyo. One of the results being the connection between the central

government, the local government and the general citizenry had started forming. The shared role of the central government and the local government was clearly seen. The local government had the leading role to promote the rebuilding of the characteristics of the local region, especially the project of One Billion Project (一億事業), implemented during 1988-1989. This was the indication of the leading role of the local government to rebuild its own local area, which confirmed the role of the local government and the participation of its citizens.

The agenda for the citizen's participation and the transfer of authority to the local government was stressed in the "Grand Design for the 21<sup>st</sup> Century: Promotion for Local Independence and the Creation of the Beautiful Country" by the Hashimoto Cabinet. It was launched on 31<sup>st</sup> March 1998 and enforced from 2000 to 2015 with the keywords being "Participation and Cooperation" to support an emphasize the shared role between various sectors in society, specifically between the local government, the local citizenry, volunteer groups, and the business sector, and also to support the cooperation and the

networking or cooperation among those participants. Moreover, the Fifth plan “Grand Design for 21<sup>st</sup> Century” was different from other plans as it was deeply related to the decentralization reform in Japan. This was launched at the same time as the announcement of the first to fourth recommendations by the Council for Decentralization Promotion to the Cabinet. During the preparation for the Plan to Promote Decentralization by the central government, together with the comments from the discussion of the Land Use Council towards the Forth Plan reported on 26<sup>th</sup> June 1987. At this presentation, the following message was stressed; “To fulfill the objective of a multi-polarization and decentralization model of land use, the viewpoint about decentralization for the shared role between central government and local government must be discussed continuously”<sup>12</sup>.

By the social circumstances leading to decentralization and the tendency of participation, the process to design for this plan was different from four other previous plans as it had the participation from both the

local government and the citizenry in the course of designing the plan. The participation from the local government had been held in various meetings such as the One Day Land Use Council to exchange ideas between the local government and the opinions from various levels of citizens,. This exchange was facilitated by postal mail, fax and email in order to allow the different factions of society to express and exchange ideas about this plan.

This illustrates the progress of post war development plans which concentrated on industrial development. The local government policy had changed from citizen welfare to the investment policy thereafter. The industrial development trend succeeded in the 1960's but caused social problems mainly from industrialization and urbanization which directly affected the citizen's quality of life, way of life, social structure and employment structure in the rural areas. From these problems, citizens had learned to protect their way and quality of life. The citizen movement was aroused nationwide in the 1970's, along with the attempt to rebuild the rural area and community for better living, as well as to address the gap between the urban and

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植田浩 米澤健『地域振興 ぎゅうせい』、2001年、pp.2-85

rural areas, the over and under population shifts and the problems in the rural areas from industrialization and urbanization. These objectives had all been the motivating factors to launch plans to solve these issues. Meanwhile, global circumstances and the government's financial deficit were the significant points leading to the government's revolution and to launch plans to support local government to perform in the role as a localized government for the well-being of the residents in their own community. The fifth plan which had the main objective as to address the concerns of the over development of the city of Tokyo included the essential points of citizen participation, as well as decentralization. These are the effects incurred from the initiatives of the citizen's movement in the 1970's together with the goals set by the reformist local government of the 1970's.

#### Effect of the High Growth Economic period to the Citizen's Movement

The direct effects from the high growth economic period and from the industrial complex to the daily lives of the citizenry were seen as a more destructive way of life in the rural areas caused by the

establishment of big enterprises, especially with its impacts upon agriculture and fisheries, and small and medium enterprises in local areas. By a monopoly of land usage, water resources, and labor in the factories by large scale enterprises, losses were incurred by farmers and fishermen who either lost their jobs or had sold their land for the construction of factories and harbors. As a result, many young laborers had gone into the field of construction work or as low level employees at the big enterprises. Up until the 1970's, about half of local people were self-employed business owners, laborers in agriculture and the fishing industry, worked in public offices, or in localized small and medium enterprises. The flow of young laborers to big enterprises had caused significant losses to the agricultural and fishing industries, along with the running of small and medium enterprises which had a direct effect on the local people's lives.

Moreover, the progression of large scale enterprises into more localized areas had caused direct problems to the lives of citizens by way of serious pollution problems. This, in turn, resulted in injuries, deaths and a significant increase in various

forms of pollution,, which included air, water ground, and noise pollution. The problem of rapid urbanization resulting in unplanned cities can be clearly seen. The problem of housing and its perceived quality was getting worse. Infrastructure facilities specifically concerning hygiene such as in terms of water supply and sewage, as well as human waste treatment were under developed and mostly unmaintained. The problems from traffic, along with the increase of commercial and entertainment businesses, affected the conduct of young people in the local regions. The unchecked growth of rapid urbanization and the migration to big cities by laborers caused the demolition of the rural community in traditional villages. Traditional values of cooperation and order in rural society had been altered together with the tendency to live independently. The conflict between the traditional inhabitants and the new comers was clearly seen within the community. However, the “sense of village” was maintained among those migrants in big cities as migrant laborers had brought with them to the cities a more traditional sense of cooperation from their way of life in their home towns.

One more effect upon local people’s lives was the change in the role of local government towards the citizenry. Due to the direct support of representatives of large scale enterprises in local areas, local politics had been more focused on the profit of big enterprises rather than on the improvement of the lives of the citizens. According to this plan and the central government’s policy, the establishment of basic facilities for industrial development was given priority, such as road construction, harbor construction, water supply for industrial use, and a general neglect of the problems concerning local people’s lives. The control of the local power structure among conservative politicians, members of the business sectors who profited from development, reformist politicians, and political parties had further separated politics and the government sector from the general citizenry. However, the role of mass communication in the information-oriented society towards the citizen’s movement had a significant effect during this period and had set society’s attention back toward focusing on the

improvement on the lives of ordinary citizens<sup>13</sup>.

The problems of industrial development led by the central government's policies affected the citizen's movement and their activities in future periods to come. The local government corresponded to the citizen's movement in various ways. The most obvious way was the way in which citizens were met with by the government officials and how they were given explanations for various changes. Other ways would be through forms of direct persuasion, mediation by powerful council members, surveillance by municipal councils, and by having public relations and hearings or meetings, etc., which supported the participation of the citizen's. As a result, the citizens became important facilitators of the movement and the assembly had brought on a formation of organization within community which was the basis for localism. The community egoism from the movement was different from the cooperation of the concept of self sufficiency of the traditional villages. People had to depend on each other as well as to think and act just as they had in their own villages. The

citizen's movement involved the assembly of individual citizens in order to protect and improve their own lives. This is the basis for the development of a participation movement over the next decades. Serious problems from pollution and other environmental concerns caused by industrialization, urbanization, and the general trend toward an urban lifestyle had resulted from the high growth economic period and had thus affected the citizen's movement. These trends occurred nationwide, specifically in terms of pollution and other environmental issues, and came as a consequence when coupled with the opposition to the establishment of the industrial complex. Nearly 80% of all problems facing the citizen's movement were seen as pollution problems. This movement had expanded throughout Japan in the 1970's. It was called the "Period of the Citizen's Movement".

From this movement of the citizens, and the local government, who mainly facilitated the policy of the central government, resulted in a trend toward a welfare government concentrating on solutions to problems concerning the lives of ordinary citizens. This prompted the local

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松原治郎編『あすの地方自治をさぐるII—住民参加と自治の改革』学陽書房、昭和49年、p.1-12

government to correspond to the movement toward addressing environmental problems and was reflected in the amendment of various ordinances, such as the pollution prevention ordinance or the agreement for pollution prevention, and the natural protection ordinance as well as others. Moreover, quite a number of local governments had actively launched similar measures prior to the efforts of central government to protect the daily lives of the citizenry, such as in free medical treatment for senior citizens, which had been enforced throughout the country except in Shiga and Nagasaki Prefectures. The central government itself had enforced a free medical treatment system for senior citizens in 1972 while the local government had enforced free medical treatment for babies and infants in 30 municipalities. The local government had initiated citizen's services to be more accessible to the public. The most well known service was the establishment of "Immediate Act Section" of Matsudo City, Chiba Prefecture. It became the model for other local governments to establish their own immediate form of service and served as a consulting section for citizens. While the tendency to turn back to become a welfare-

based local government was expanding throughout the country, about 120 members of reformist heads of local governments or about 20% of local government officials were from the Pacific Coast Zone. This is thought to be the area for development. It became outstanding as the reformist local government turned toward becoming a welfare-based localized government that had the main duty of solving community problems while working side by side with the citizenry. However, the movement of the reformist heads of the local government to actually reform was limited by the power of conservative politicians with influence over the central government and the governmental system. The reformist local government solved this problem by establishing a network for its governmental ministries to strengthen the collaboration among them. Together with the local egoism recognition of citizens from their movement, the National Council of Reformist Mayor Council had cooperated with them by launching the "Duty and Responsibility of Reformist Mayor" with the purpose of facilitating the participation of the citizenry in solving the city's problems concretely<sup>14</sup>.

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<sup>14</sup> 松原治郎編 前掲書、p.74-80



From the citizen's movement, together with the reformist local government movement, the trend toward participation of citizens in a democratic social format was clearly seen in Japanese society.

Effects of the establishment of localized government from the 1960 are to the 1980's: The reformist local autonomy (革新自治体) to the Period of Local (地方の時代)

The National Comprehensive Development Plan (全国総合開発計画) which was enacted on 5<sup>th</sup> October 1962 to expand industrial development nationwide, and had smoothed relations, participation and brought about stronger control of the central government. The combination or the direct control of the central government to the localized government in prefectures and at the municipal levels was getting stronger. This caused the bureaucratic sectionalism to shift toward the municipal system. It also produced an increased financial burden on the local government to embrace development<sup>15</sup>. However, the industrial development had affected the citizen's movement and was related to the formation

of a localized government reformist movement.

The reformist movement at the local government level appeared during the second half of 1960's and continued into the 1970's after the unified local election in 1963 by the heads of the local government. It was started by the governors from Tokyo and Osaka, the big cities where citizens were dissatisfied with their worsening environment. The pioneer group that had raised the slogan of "Local autonomy that is directly related to the citizenry" was opposed to the concept of "Local autonomy that was directly related to the central government" and they had won the mayoral election in 1963 for the ordinance-designated cities of Yokohama, Kyoto, Osaka, and Kitakyushu. All this took place under the reformed political party and they thus named themselves as the reformist heads of the local governments. There were over 150 municipalities which were administrated by the reformist local government in the beginning of the 1970's. The Pacific Coast Region, especially, was the base for industrial development. From this movement, the local government developed a tendency to change. It

<sup>15</sup> 松原治郎編 p.6-8

changed from the agency in charge of central governmental policies and concentrated on investment policies of a more welfare-based localized government. They announced the policy to support the citizen's participation and a citizen's democracy by setting the chance to have meetings with the citizenry; Yokohama municipal government is the model for this type of system. This is the starting point for the concept of post war citizen participation.

What was the meaning of local autonomy to the reformist local government? The reformist local government's policies had formed important attitudes towards a concept of local autonomy decentralization in the following ways:

- 1) **The advocacy and systemization of resident and citizen participation to the local government.** As the reformist heads were the minority party in the council and the council election was still bound by the consideration of benefits for trading groups, the local council was still being formed by conservative politicians as the majority party. The reformist politicians had to get the support from the citizenry by strengthening their relations with the

citizens through participation and a direct exchange of opinions with those citizen in the form of assembly, such as in town meetings, etc. These activities had not only strengthened the political power of reformist politicians but also strengthened the consciousness of the citizens in their freedom to actively participate in decisions.

- 2) **The development of an individual welfare policy in terms of medical treatment for senior citizens, infants and children.** From the post war period, the basic welfare policy of the central government concentrated on the "accommodated type". The reformist local government had reformed to welfare-based policies to serve in the caring of senior citizens in their homes with projects such as home helps and food provision services, together with the free medical treatment for senior citizen, babies, infants, and children.
- 3) **The activities related to decentralization.** The reformist local government had performed the administrative roles related to

decentralization reform which were; 1) performing the rights for lawmaking of the local government by enacting ordinances for local pollution circumstances, 2) enforcing the outlined policies to control development as well as for land use, 3) promoting the planning of administrations to set policies and projects according to citizen's requests and to provide support for the participation of citizens in designing the long-term and medium-term plans<sup>16</sup>.

The reformist local autonomy movement was considered to have influence on the attitudes of citizens in terms of participation and decentralization. In the second half of the 1970's, however, the trend toward reformist local autonomy had declined due to the financial recession resulting from oil reliance. This brought the end of the high growth period in Japan. Meanwhile, the very serious pollution problems had been addressed and the environment had begun to improve. The role of reformist heads had been replaced by the role of professional officers in the local

government. These were people who were educated and generally came from younger generations, and acquired influence during the financial recession period. The essential focus of the local government was to concentrate more on the reconstruction of fiscal sufficiency and governmental finances.

The period called the "Period of Local" (地方の時代) came in the 1980's. It started from the symposium titled the "First Local Period Symposium" in Yokohama City under the topic of "The Period of Localization" held by the Workshop of Metropolitan Local Autonomy (established by the five bodies of local government from Tokyo, Saitama Prefecture, Kanagawa Prefecture, Yokohama City, and Kawasaki City) in July 1978. By the determination of this symposium, it was declared that; "In the developed industrialized society, the problems of large cities, the environment, the use of resources, energy use, food shortages, governing social administrations and the challenge of human alienation all seem to be too sophisticated for the local government to solve alone, but rather then should be considered carefully. These are

<sup>16</sup> 新藤宗幸『地方分権 第2版』岩波書店、2002年、p.52-55

the problems that cannot be solved without the hand of local government. Therefore, it was necessary to reform the local autonomy of the local government<sup>17</sup>.

The original meaning of the “Period of Localization” is that is was opposed to centralization, control from central government, central culture, and the uniformity of administrations. Meanwhile, it expressed a preference toward decentralization, autonomy of the citizenry, local individuality, and local culture. The title “Period of Localization” had been widely used among the mass media and the people concerned with the local government. It was also used as a slogan for the local elections in 1979. However, the movement of the “Period of Localization” was not considered successful due to the widening social gap (地域格差) within Tokyo and among other local regions from the second half of the 1980's which involved the phenomenon of the over concentration of Tokyo. All this came from the second half of 1970's, in which occurred the intention to limit the over population of Tokyo as the hub city for politics and the economy. The dispersion of

factories to the local region to solve this problem hadn't had many effects. Moreover, the internationalization and information in the 1980's had brought about the Tokyo Metropolis as the hub for information and the center of the gap between the Tokyo Metropolis and other local regions that had been greatly expanded.

The solution to the concept of the over-concentration of the Tokyo Metropolis and was one essential reason for the Congress to vote for the “Promotion of Decentralization” in June 1993 to plan for a more equal sense of development. Another reason was to improve the centralized administration by the promotion of decentralization<sup>18</sup>. This was the starting point to reform and decentralize authority systematically, together with the influences from the government financial crisis and the trend toward decentralization in developed countries.

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<sup>17</sup> 田島義介『地方分権の軌跡』岩波書店、1996年、p.212

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<sup>18</sup> 新藤宗幸・阿部隆『日本の地方自治』東京大学出版会、2006年、p.1-10

### Part III The relations between the government administrative reform and decentralization in Japan

#### Main Factors for the Administrative Reform:

#### 1. Financial Crisis of the Japanese Government

Another factor for post war administrative reform was the financial crisis of the central government. Even though this type of incidence occurred twice in both 1955 and 1975, the crisis in 1975 had been directly concerned with administrative reform.

The background causes for the 1975 crisis were: 1) the slowdown of resource growth from oil reliance (related to government finance) and resulted in price increases in terms of annual expenditures, 2) the degeneration of functioning resource security from the local subsidy system: specifically as in expenditures of the national treasury and the issuance of bonds for local subsidy tax, 3) the understanding that the urban financial situation was getting worse, 4) the increase of a welfare budget for the welfare of senior citizens, and lastly 5) the

inefficiency of the management of public enterprise.<sup>19</sup>

In the 1970's, both the central government and localized government were twice faced with the consequences resulting from an oil crisis, the slowdown of revenue, and the increase of annual expenditures. Meanwhile, in the high economic growth period, Japan started to be faced with the demands of higher budgets to establish facilities and livable environments for urban daily life; it was especially true for the waterworks and sewerage facilities, as well as the facility for compulsory education, traffic system management, and the redevelopment for overcrowding in cities.

In the decade of the 1970s, the social security expenses for unemployment, insurance expenses, social security expenses, social welfare and living protection expenses both for purpose of local autonomy and for the central government, had all increased. Annual expenses for social welfare for the 1960 fiscal year, which at that time was not over 10.9%, had increased to 14.2% in 1970,

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<sup>19</sup> 岩本和明『日本地方財政論』同文館出版社、1986年、p.50

19% in 1975 and to 20% in the 1980 fiscal year. Specifically, the budget increase for social insurance rose to 9 times its previous figure and social welfare expenses rose by 12 times. However, about half of the budget for social development was a subsidy from the central government. Moreover, the ratio of annual expenditures for the local government at the prefecture level for social expenses, such as for social welfare, welfare for senior citizens and child welfare, as well as living protection expenses and sanitation which was 4.6% in 1970. At 5.8% for 1974, it was not as remarkable at municipal level which was at 11% for the 1970 fiscal year. Social expenses increased to 17% in the second half of 1970s decade. The cause of this remarkable increase was the progression of an aging society. According to the senior citizen policy, the 1970 expense for the prefectures for senior citizen welfare expenses (aging medical treatment expenses, and maintenance for aging welfare facilities) was 9.4%. It increased to 23.4% in 1980 and 27.5% in 1983. For the municipal level, the expenses had increased remarkably from 7.4% in 1970 to 23.2% in 1980. The increase was 24 times while the prefecture level increased by 13 times. The

social expenses were a big burden for the local government; as it was 39.9% of the general revenue in the 1965 fiscal year and it had increased sharply to 43% in the 1970 fiscal year, and to 44.9% in the 1975 and 1980 fiscal years<sup>20</sup>.

As a result of the financial crisis of the 1970's, the conflict of financial relations between the central government and the local government was more remarkable. 1975 was the starting point for the government to launch measures to reconstruct deficit financing as follows: 1) to change the local allocation of taxes, 2) to issue bonds to dissolve the deficit financial problems, 3) to guide measures by the government, 4) to reduce personnel and welfare expenditures, 5) to administer reforms, 6) to raise the topic of city management and government defense theory, 7) to reconstruct financial systems, and 8) to save budget to reduce capital loads.

## **2. The influence of Globalization and the Change to Small Government Policy**

Most of industrialized countries have expanded the public sector and

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<sup>20</sup> 岩本和明、前掲書、pp.60-65

embarked on a welfare state commitment to big government except for the United States and Japan; both countries have the stereotypical image of having a bureaucracy-led foundation. Japan would have been a big government; however, the size of the public spending of Japan was slightly under 20 percent of GDP from the mid 1950s to the early 1970s. In 2005, Japan still had a comparatively small public sector at 37.4% and the United States had 36.6% of GDP, while Britain was at 44.9%, Germany at 46.8%, France at 53.9% and Sweden at 57.2%. However, with the influence of globalization, Japan had also adjusted its policy as a small government.

The influence of the administration of the welfare state as big government in various developed countries, brought about a deterioration of financial circumstances as well as a decline of economic competition, which then brought about the plan of the reduction of the government's burden and the reactivation of the economy. As in the United Kingdom from 1979 by the Thatcher Cabinet, which started to reform the system by privatization, deregulation, the reform of the government officer system and the reform of the local system, especially in terms of the

privatization policy to improve the efficiency of business competition and to expand the chances to possess stock and increase government revenue. The unification of the EU also has influenced the reform of the mutual system among the countries within. The developed countries had a movement to modernize the government administrative system and to move forward to develop an independent economy. Russia and Eastern European countries with economic reform had changed to transition to provide more authority and function to the private sector<sup>21</sup>.

With the world circumstances, each country had begun administrative reform, reviewed the function of the public sector and transferred authority to the private sector. The Japanese government also facilitated the trend toward administrative reform by setting up the Second Provisional Commission on Administrative Reform (Rinchou II) from 16<sup>th</sup> March 1981 to 15<sup>th</sup> March 1983. The three terms of Provisional Council for the Promotion of Administrative Reform (Gyokakushin) were from July 1983 to June 1986, April 1987 to April 1990 and October 1990 to October 1993), followed by

<sup>21</sup> 総務省編、『総務庁年次報告書平成3年版—90年代行政の役割と展開』大蔵省印刷局、1994年、前掲書、p.34-35

the Administrative Reform Committee from December 1994 to 1997, and the Decentralization Promotion Committee from July 1995 to May 2001.

The first recommendation has the suggestion to promptly promote the reduction of expenditures and to reconstruct finances, and to promote government rationalization and efficiency. The recommendation on 30th July 1982 also strongly promoted the movement for administrative reform. The points raised for the administrative reform were “to construct the vital welfare society” and “to actively contribute to the international society”. As a concept of a base target, the reform of three public corporations, the reinforcement of general regulations and the functional cooperation between the central government and the local government had been suggested for implementation.

For the concept of “the construction of the vital welfare society”, it was initiated to review the function of the government sector according to the basic concept of independence, self-supportiveness and the vitality of the private sector in the field of education and social security. For the “active contribution to the

international society” it was to focus on the US-Japan security system and to reinforce the Japanese military both in the political and economic functions. The point of “active contribution to the international society” was to influence and lessen the participation of the government sector in the field of welfare and the citizen's daily life, such as to reform the social security system for pensions and medical care, and also to increase the burden for citizens in education, and to reduce support and protection for medium and small enterprises and the agricultural industry<sup>22</sup>. By a consequence of global circumstances of the late 1990's, Japan had moved to be seen as a “Strong Nation” by reinforcement of the Japan-US security system and by the cooperation to military action such as the dispatch of Japanese troops to Iraq<sup>23</sup>. Meanwhile, there was a reduction in the role of the government sector towards the citizenry.

Form this reform, the role of the government sector in the fields of the citizen's lives was

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晴山一穂・自治体問題研究所『自治体民間化  
—「強い国家」「小さな政府」と公務の未来  
』自治体研究社、2005年、pp.7-8

<sup>23</sup> 晴山一穂・自治体問題研究所、前掲書、pp.8-11



reduced and recessed. The reform was reflected in the reform of new liberalism with the slogans of “small government” and “public to private”. The movement from the recommendation of the Rinchou II had not only brought Japan to a new liberalism and to be achieve a powerful state of military, it also brought the “reform for decentralization” by the report of the Committee for Decentralization Promotion and the last report of the Administrative Reform Conference for the “reform of central ministries and government offices”.

By the slogan of “reconstruction without tax increase”, Rinchou II implemented the privatization of the three giant public corporations; Japan National Railway (JNR), Nippon Telegraph and Telephone Public Corporation, and Japan Tobacco and Salt Corporation. Another performance was to compress the financial scale of the government by the reduction of the government’s burden in supporting education, welfare and social security, and to shift the burden to the citizenry and to the local government instead. Gyokakushin had an effort to expand the “small government” policy to the local government. However, the privatization was not successful at the local

level; it was finalized by the reduction of its members of Parliament, staff, and the overall scale of local government, together with the limitation of services and the self burden of the citizenry. The slogan of “reconstruction without tax increase” was not found in the final report of the Second Provisional Council for the Promotion of Administrative Reform. The word “small government” had also been changed to “slim government” in its place<sup>24</sup>.

#### The result of government administrative reform to decentralization :

#### The relations of administrative reform and decentralization reform

Decentralization in Japan had started and was related to post war administrative reform as the policy by the purpose of the Allied Occupation. It was divided into 2 parts; the first half of the occupation indicated a top-down order-driven process in accordance with an Allied policy. The second half of the Occupation was more of an initiative by the Japanese side with the establishment of several

<sup>24</sup> 山岸宣『地方分権と自治連合』敬文堂、1995年、p.28- 29

deliberation councils to consider the question of administrative reform<sup>25</sup>.

The objective of the administrative reforms since the post war has been considered to improve the efficiency of the public administration. The first deliberation council was the Provisional Council on Administrative Structure established for the purpose of administrative reform in 1948, and by the recommendation of the Council; the Administrative Management Agency which was then established. During the Yoshida Cabinet period, the Council on Reform of Administrative Structure was established which was active in administrative reorganization. As the result, the number of bureaus, departments and deliberating councils were reduced. The size of government service was also reduced by 15%. The administrative reform was then moved up by the declaration of the Supreme Commander for the Allied Powers. This allowed the Japanese government to reexamine the ordinances launched by

occupying authorities. The Advisory Committee on Amendment of Ordinances was then established. The reform after the end of the Occupation from 1954 was based on the recommendations of the first through fifth Administrative Councils. However, the key reforms failed to be implemented. This led to the establishment of the first Provisional Commission on Administrative Reform (Rinchou I), which submitted a bill of the Provisional Commission on Administrative Reform (Rinchou I) on March 1961, and was in effect in November. The reform of Rinchou I fell within the category of being a form of reform of administrative management. In 1980's, the Japanese economy experienced a slowdown in growth affected by the oil crisis. Public finances were under particular pressure thereafter. These changes had led to the debate on the need for administrative reforms; it came under the establishment of Second Provisional Commission on Administrative Reform (Rinchou II) from March 1981 to March 1983. The Rinchou II had the objective to reduce government expenditures by the administrative reform, fiscal reconstruction and to improve the efficiency of public administration together

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<sup>25</sup> Toshiyuki Masujima "Administrative Reform in Japan", Institute of Administrative Management, 2006, p.3 Administrative Management and Inspection Committee, Gyousei kaikaku no Genjo to Kadai [Administrative Reform: Present and Future], pp.3, Ministry of Finance Printing Bureau, 1966

with incorporated reforms in the fields of social security, agriculture, public works and education. Moreover, the organizations working in parallel with Rinchou II for administrative reform including; 1) the Promotion of Administrative Reform (Gyokakushin), which included the follow-up bodies of Rinchou II from July 1983 to October 1993, 2) the Administrative Reform Committee, which was active from December 1994 to 1997, and 3) the Decentralization Promotion Committee, which was active from July 1995 to May 2001. These bodies were largely based on the model to fulfill the aim of administrative reform that had the origins from Rinchou I.

The chair persons of these bodies were from the business world, as Rinchou and Gyokakushin I were chaired by Toshio Dokou, the former chairman of Keidanren (the Federation of Economic Organization). While Gyokakushin II was chaired by Bunpei Otsuki, former chairman of Nikkeiren (the Japan Federation of Employers' Association), Gyokakushin III was chaired by Eiji Suzuki, the former chairman of Nikkeiren. It was noticeable that business and financial leaders were the prime decision-makers in Japanese society. The twelve years of

Rinchou II and Gyokakushin were regarded as the period of Rinchou reforms (1981-1993). It displayed three characteristics which were: 1) The adoption of a broader concept of administrative reform going beyond administrative management, 2) innovation in administrative reform procedures, and 3) maximization of the usage of deliberation councils by government as a political means<sup>26</sup>.

In 1989 by the strong urging of the Takeshita Cabinet, the report of Gyokakushin II entitled "A Report Regarding the Relationship between Central and Local Government" was submitted to the government on December 20; this had an impact on the government's measures toward administrative reform by its detailed comparison of the previous deliberation councils working on administrative reform. Decentralization has fallen in the category of administrative reforms if considered from the context of conventional efforts at administrative reform (Toshiyuki Masujima, 2006). It reported on the share of function between central and local governments. It was necessary to constantly review the

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<sup>26</sup> Toshiyuki Masujima "Administrative Reform in Japan", Institute of Administrative Management, 2006 pp.13-33

system and relevant policies accordingly to account for the change of social circumstances and the change of governmental needs, especially in the role of local government which had increased to perform the point of regional activation. The review will strengthen local government to be independent, and to be able to aim at the fulfillment of the diversity in the role of the local government. Therefore, the function of central government would be lessened.

The suggestions of Gyokakushin II in 1990 to be considered for the decentralization of the local government were:

- 1.) The local government should reallocate office work to be performed by a localized government of the inhabitants.
- 2.) To reinforce the function of a 'friendly' local autonomy by allowing the inhabitants to present their opinions to the local government.
- 3.) To actively lessen the regulations and involvement of the central government to the local government<sup>27</sup>.

Another reform in the 1990's was the Hashimoto reforms during 1996 to 2000. In the general election in the autumn of 1996,

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<sup>27</sup> 田中豊治、前掲書、pp.67-69

all parties used the administrative reform as the central issue for the election. As LDP had won the general election, the Hashimoto government identified six key areas of reform in the address of the policy speech on January 20, 1997. The key areas were: structural fiscal reform, educational reform, structural reform of social security, structural reform of the economy, reform of the financial system, and administrative reform. The need of government in relation to administrative reform was the concept of "simple and efficient administration, flexible and effective execution of policy, and the creation of an administration open to and trusted by the public". All were said to return to a traditional target as the traditional administrative reform was intended to enable substantive policies to be implemented more efficiently, more economically and more effectively (Toshiyuki Masujima, 2006); all of the Hashimoto reforms represented a return to the reforms in administrative management supported by the Brownlow Committee in the United States of America<sup>28</sup>.

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<sup>28</sup> The first commission to put forward radical proposals in the history of administrative reform in the U.S. was the President's Committee on Administrative

The Hashimoto Cabinet has established the Administrative Reform Council which had the task to draw up concrete administrative reform proposals. The Administrative Reform Council had followed the model of the Rincho I to put the deliberation council at the center of the administrative reform's promotion. The different characteristics were that it was headed by the prime minister and the acting chairman was the director general of the Management and Coordination Agency. Moreover, the members of Rincho and Gyokakushin were from the business world and the labor sector. While the Administrative Reform Council had chosen the three representatives who were seen as being less as business leaders but had more capacity as representatives of the Council on Economic Affairs, Administrative Reform Committee and Decentralization Promotion Committee reduced labor's representation by choosing one of the representatives of labor from the Japanese Trade Union Confederation (Rengou). The Administrative

Reform Council has chosen six academics; all of which had played a major practical role in the conduct of meetings while Rincho and Gyokakushin members included either one or no representatives of the academic world. Moreover, the issues of administrative reform have been clearly seen in Hashimoto reforms by halving the number of ministries which was pushed by the Administrative Reform Council, and the issues of fiscal reconstruction. Deregulation and decentralization were explained repeatedly in the Diet deliberations on the bill for the Basic Law for Central Government Reform that decentralization and deregulation were prerequisites for central government reform.

However, the Rincho reforms were considered to be successful to reduce general expenditures by cutting the government budget in the fields of social security, public works, and education and agriculture which included reform of important policies concerning the daily lives of citizens, such as the abolition of free medical care for senior citizens and this brought about the opposition to administrative reform among the citizens. Meanwhile, the Hashimoto reforms had the major characteristic to secure and establish

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Management established in 1937, which came to be known as the Brownlow Committee after its chairman, Louis Brownlow. Its recommendation has purposeful ways of implementing existing policies more efficiently, effectively and economically.

the predominance of politicians. They were considered to be successful in the unsuccessful fields of Rinchou reforms. Such fields being the strengthening of functions of the Cabinet, the reorganization on the ministerial level, the reduction of the number of bureaus and departments within ministries, further general deregulation, the enactment of the Information Disclosure Law, and the decentralization of relationships between central government and local government by the abolition of the Agency-Delegated Functions. ( 機関委任事務<sup>29</sup> )

The Decentralization Promotion Committee (July 1995- May 2001) was one of the committees that had an influence on the Hashimoto reforms, and began the meeting in 1995. It was headed by Ken Moroi, who conducted investigations and submitted the first recommendations to Prime Minister Hashimoto in December 1996 and followed with four recommendations in 1998. These recommendations have set the direction for decentralization which had been introduced

in the Comprehensive Decentralization Law (The Omnibus Decentralization Law) in 1999 and were enforced in 2000. The main points of the Law were: 1) to allocate of roles between central and local governments, 2) to abolish the system of Agency-Delegated Function, 3) to intervene between the central government and the local government, and 4.) to establish a third organ for handling disputes between central and local governments. The Obuchi Cabinet submitted a bill to the Diet in 1999 that comprehensively amended 475 laws. The amended laws included the Local Government Law, the Local Finance Law, and the National Administrative Organization Law, and such. This bill was formally called "A Bill Concerning Amendment of the Laws Related to the Promotion of Decentralization". The Diet approved this bill on July 8, 1999. The Act was then promulgated on July 16, 1999. It was enforced on April 1, 2000. At the same time, several acts related to reorganization of the central government were established. These acts were then enforced in January 2001.

Then Koizumi Cabinet came in April 2001. It had a major impact on

<sup>29</sup> Kikan-inin jimu (agency-delegated functions) are the national functions delegated to and carried out by the prefectural governors and mayors and administrative committees as "agents" of the central government to perform activities which are carried out with the organization, personnel, and budget of local governments.

administrative reform. Prime Minister Junichiro Koizumi proclaimed in an inaugural ceremony that “there can be no growth without reform”. The Koizumi doctrine was “what can be done by the private sector should be left to the private sector. Koizumi reforms continued from 2001 to the end of 2005 as the Koizumi Cabinet formed in April 2001. The Cabinet adopted the reform of public and quasi-public corporations as a key element of its administrative reforms. The outcome of the Koizumi reforms were: 1) the privatization of the postal services, 2) the privatization of the highway corporations, 3) the “simultaneous reform of three categorical reforms” (reform of grant-in-aid, distribution tax, and redistribution of tax resources), 4.) the abolition and merger of government-affiliated financial institutions, and 5) the reforms to achieve a net reduction in the number of government employees.

The important movement was the establishment of the Decentralization Reform Promotion Council within the Cabinet Office in July 2001. This was to promote further decentralization. This Council had the tasks to investigate and to deliberate matters regarding functions and services of the division of roles between central and local

governments and as a mechanism for promoting administrative reform at the local government level. As a result, the government has launched the policy of reallocating tax resources by reforming the allocation of resources. This included the allocation of government subsidies, central government tax revenues allocated to local governments, and the transfer of tax revenue resources. The Comprehensive Decentralization Law by the recommendation of the Decentralization Promotion Committee was launched in 1999 and was enforced as law in 2000. The main points were the independence of the local government in the enactment of laws and taxation, the reduction of participation from the central government by abolishment, and the establishment of a third organ for handling disputes between central and local governments.

Even though centralization in Japan was the stem root for administration for decades and played the important role in post war development, the global circumstances, together with a tendency of decentralization, the financial crisis, a load burden of social welfare from an aging society, and the variation of the needs of the

citizenry, as well decentralization had become necessary. This gradually formed the concept of decentralization reform as one significant function for administrative reform to lessen the role of central government and to transfer authority to the local government and the private sector.

### Conclusion

Japanese has changed to the modern administrative system from the Meiji period and centralization had been parallel with the self-governing of traditional villages and towns. The centralization was considered strong during the war time to control the citizenry under the neighborhood associations system of Chonaikai and Burakukai. Decentralization was insisted by US Occupation Forces as the agenda for post war development. However, the movement for decentralization in Japan became stagnant after the occupation of US Occupation Forces as the Japanese government had permission to lead the administration. This later was reversed to be centralized for conduction of various industrial development plans launched by the government as centralization was considered to be a necessary aim to achieve post war

development. Japan succeeded in developing and thus caught up with the developed countries. It got into the high growth economic period in the 1960's as the country having the second most powerful economy with the policy of industrial development. However, the problems from industrialization and urbanization expanded nationwide and caused the a worsening quality of the life of the citizenry. The citizen's movement contributing to those problems occurred all over the country, and together with the citizen movement, the movement of reformist chiefs for local government was formed among the chiefs of the local community, especially in the area of industrial development. The policy of the reformist local government to solve problems from industrial development was the starting point for citizen participation and decentralization. From these movements, the Period of Local Government had begun; the progress of local egoism, the citizen's sector and the local government have also progressed in networking and information sharing, though stagnated with the gap between the city of Tokyo and the rural areas resulting from the overconcentration of Tokyo. Meanwhile, the



recession of the economy in Japan and around the world had shifted the government policy from that of a welfare state toward small government and to administrative reform by establishing various measures and deliberation councils. The major reforms for administrative reform in the 1990's were the Rinchou reform and the Hashimoto reform. These made up the path to the decentralization reform of Koizumi reform in the 2000's., along with the circumstances of the financial crisis and the changing role of the Japanese government in terms of management of global affairs. From the role of the Japanese government in participation in global affairs, together with the worldwide tendency toward decentralization, the financial crisis and the burden from being a welfare state, which resulted from a seriously aging society, decentralization was the significant leading issue of administrative reform during the 2000's. From the

decentralization reform, the shared role of central and local governments, the effort to energize the role of the private and citizen sectors, the participation of citizens and the dependence of the local government to be a decentralized society, these were the points to be headed. Even though decentralization was also being considered for solving financial crisis problems of central governments, the active participation of citizens, the development of the citizen movement in the 1970's and the role of the local government to lead this development, have all progressed systemically, together with the change of administrative reform in those respective decades.