

LOCAL SELF-GOVERNMENT

Growing citizen awareness and a push for local authority

Central and Local Government Relationship

Japan's system of local self-government is founded on two main principles. First, it provides for the right to establish autonomous local public entities that are, to a certain extent, independent of the national government. Second, it embraces the idea of "citizens' self-government," by which residents of these local areas participate in and handle, to varying degrees, activities of the local public entities. Japan's system of local self-government originates in the pre-World War II period, primarily from the concept of autonomous local entities. After the war, the concept of citizens' self-government was incorporated to a greater extent.

Japan's fundamental principles of local self-government are set forth in the Local Autonomy Law (*Chiho Jichi Ho*), which gives specific legal validity to the principle of local autonomy as insured by chapter VIII of the Constitution of Japan. The Local Autonomy Law specifies the types and organizational framework of local public entities, as well as guidelines for their administration. It also specifies the basic relationships between these local entities and the central government. As of February 2004, Japan's local governments numbered as follows: 547 villages (*mura*), 1,942 towns (*machi* or *cho*), 23 special wards (*tokubetsuku*), 681 cities (*shi*), and 47 prefectures (comprising 1 *to* [Tokyo To], 1 *do* [Hokkaido], 2 *fu* [Osaka Fu and Kyoto Fu], and 43 *ken*).

The Ministry of Public Management, Home Affairs, Posts and Telecommunications is the



Tokyo Metropolitan Government Headquarters

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central government entity that oversees local government affairs, with such matters being primarily the responsibility of three ministry bureaus. The Local Administration Bureau is concerned with localization, municipality consolidation, local public servant systems, election systems, city-based town planning, and promotion of local IT use. The Local Finance Bureau handles local finance systems, local finance plans, the local allocation tax, local bonds, local financial conditions, and local public enterprises. The Local Tax Bureau is responsible for prefectural taxes, municipal

taxes, fixed property taxes, and other local taxes.

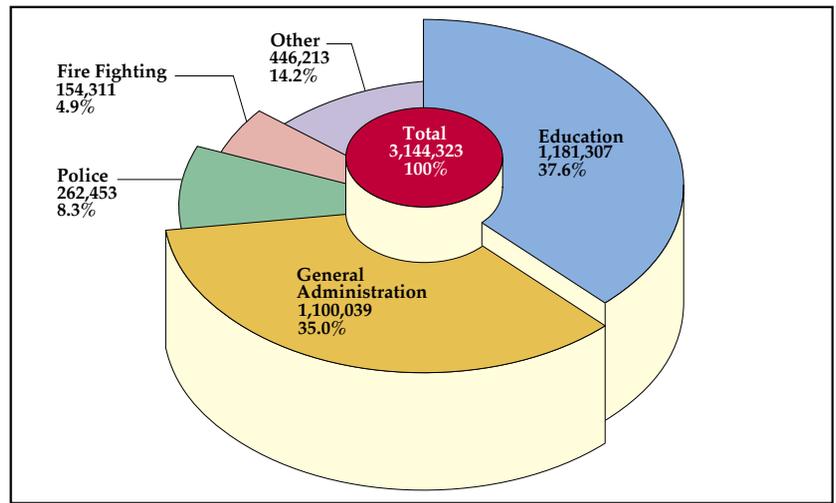
After World War II, in accordance with the provisions of the constitution and the Local Autonomy Law, Japan's local governments gained broad recognition of their autonomy and self-standing, both at the formal level and at the operational level in terms of their actual dealings with the central government. However, although they are considered autonomous entities, as the source of their funding and orientation comes from the central government, it is the central government who exercises control in various ways.

In April 2000 a package of decentralization-related law revisions was implemented that delegated a wide range of administrative operations from the central government to local governments. As part of the reduction of the system of central government control of local administration, a significant portion of the Local Autonomy Law was also revised. In order to improve the level and efficiency of administrative services at the local level, and thereby help local governments better handle delegated authority and deal with problems such as population aging and the severe fiscal situation, the national government is actively promoting the consolidation of cities, towns, and villages into larger units.

In August 2002, the government implemented the Basic Residential Register Network System. This system links the basic residential registers that serve as the basis for local government administrative activities. The goals of the system are to increase administrative efficiency and improve the level of service provided to all citizens.

Local Governments

As stated in the Local Autonomy Law, prefectures are administratively headed by governors (*chiji*), while cities, towns, and villages are headed by mayors (*cho*). These officials represent the local governments in their external dealings and serve in an executive position vis-à-vis the elected local assemblies, the forums for discussion of local



Number of Local Civil Service Employees (April 1, 2002)

Note: Figures exclude people employed by special-account public enterprises.

Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications

issues. Governors and mayors are elected for four-year terms by direct popular vote and are responsible to the local citizenry.

Local assemblies are composed of members elected by local voters. Among the functions of these assemblies are establishing or abolishing local ordinances, determining local government budgets, and approving settlements of accounts. They also check work undertaken by local bodies on their own initiative or when delegated to do so by organs of the central government. Likewise, they request audits by local government audit commissions and have a say in the selection of important local officials (vice governors, deputy mayors, etc.). Their work is carried out largely by standing committees (*jonin iinkai*).

As organs for discussion and decision-making, the local assemblies, together with the executive organs centered on the offices of the governors and mayors, are the most important constituents of local government. However, it has been pointed out that the autonomous initiatives and activities of these assemblies tend to be inadequate, as the majority of proposals they consider are in fact initially drafted and presented by the office of the governor or mayor.

The heads of local governments are directly elected by the citizenry. This stands in contrast to the indirect way in which the prime minister is chosen, namely, through votes cast by members of the Diet. The local assemblies, which are deliberative and decision-making organs, and the local government heads, who are, so to speak, the executive organs, are both chosen by local citizens and have a sort of parallel standing. The establishment of this democratic pattern is meant to contribute to the realization of appropriate self-government through the mutual checks that the assemblies and heads of local governments exercise on one another.

People who are employed by local public entities at or below the prefectural level are called local public servants. This term usually refers to persons in ordinary public service posts, excluding such special posts as governor, vice governor, mayor, deputy mayor, chief accounts officers, and so on. Matters having to do with the recruitment, remuneration, and working conditions of local public servants are decided in accordance with regulations that are similar to those affecting national public servants and that are set out in the Local Public Servants Law.

The Large-City System

In response to the special administrative needs of larger cities, the Local Autonomy Law designates for such cities a number of special regulations that differ from those affecting ordinary cities, towns, and villages. By means of government ordinances, large cities can be assigned to a number of special categories, with the largest being the “designated city” (*seirei shitei toshi*), which must have a population of at least 500,000 (almost all are over 1,000,000). As of April 2003, there were 13 such cities (as the national capital, Metropolitan Tokyo is in a category by itself); they are: Osaka, Kyoto, Nagoya, Yokohama, Kobe, Kita Kyushu, Sapporo, Kawasaki, Fukuoka, Hiroshima, Sendai, Chiba, and Saitama. In these cities, authority over 18 categories of public activity (welfare, hygiene, urban planning, etc.) ordinarily under the administration of the prefecture and its governor is transferred to the city’s decision-making and administrative mechanisms. Additional legal authorizations transfer still other elements of prefectural control and authority to these cities, with the result being that they are treated, for all practical purposes, on a par with the prefectures. Each of these cities is divided into several wards to facilitate the work of city administration, and each geographical subdivision has a ward office that employs a ward head and other public servants.

The second largest designation category is that of the “core city” (*chukaku shi*), which must have a population of at least 300,000 and if the population is less than 500,000 the

city’s land area must be at least 100 square kilometers. Core cities, which numbered 35 as of April 2003, are delegated most of same responsibilities as the designated cities, with the exceptions being functions that are more efficiently handled at the prefecture level.

The third largest designation category is that of the “special city” (*tokurei shi*), which must have a population of at least 200,000. Special cities, which numbered 39 as of April 2003, are delegated a subset of the administrative responsibilities delegated to core cities.

As internal entities of Metropolitan Tokyo, the 23 Tokyo wards (*ku*) were in the past subjected to a variety of restrictions with respect to their administrative and fiscal authority, as compared to cities (*shi*). Reforms implemented in April 2000, however, defined the wards as local public entities on a level similar to that of cities.

Local Public Finance

Each year the cabinet must put together a document giving the total estimated amount of revenue and expenditures of the local governments for the next fiscal year. This document must be made public and submitted to the Diet. Ordinarily called the local finance plan, it becomes the main guideline for local government financial operations. The scale of these local finances is enormous, as approximately 60% of the country’s total public expenditures is channeled through local governments. In fiscal 2001, these local expenditures amounted to approximately 97 trillion yen.

Local taxes (*chihozei*), which constitute an autonomous sort of revenue for local governments, are collected by local administrations within the limits of their authority to levy taxes. There are both prefectural taxes and taxes levied by cities, towns, and villages. Both types of taxes are subcategorized into special-purpose taxes, to be used for certain designated ends, and ordinary taxes, whose use is not specifically designated. A system of local consumption taxes was instituted in 1997 as a means of increasing local government financial resources in order to promote local autonomy.

Local taxes funded only about 35.5%

of total local government expenditures in 2001. Consequently, the financial gap had to be covered by local government bonds (*chihosai*; 11.8%) and budgetary transfers from the central government, which included local allocation taxes (*chiho kofuzei*; 20.3%) and national treasury disbursements (*kokko shishutsukin*; 14.5%). Local allocation taxes are used by the central government as a means of adjusting local financial administration with a view to ensuring a certain level of administrative equality throughout the country. The monies are allocated as general revenues that local governments can use as they see fit. These funds account for a large portion of several types of taxes levied at the national level, namely, 25% of tobacco taxes, 29.5% of general consumption taxes, and 32% of the combined revenue derived from liquor taxes and corporation and income taxes. On the other hand, national treasury disbursements are made to local public entities by the government to defray the cost of specific programs. Local government reliance on the central government for financial resources has been criticized as severely restricting local autonomy. Responding to such concerns, the government is now considering reducing the local allocation tax and various other subsidies while at the same time transferring additional taxation authority to local governments so they can raise more funds locally.

Even with central government transfers, over the past decade local governments have faced growing revenue shortfalls as a result of a local tax revenue decline aggravated by tax cuts made to stimulate the economy. The fiscal 2003 shortfall exceeded 17 trillion yen. Local government bonds issued to cover the deficits have greatly increased local government debt. Total local debt at the end of fiscal 2003 is projected to be 199 trillion yen, which is 40.0% of Japan's GDP. The issuance of local government bonds is subject to various limitations imposed by the central government, including the need for formal permission granted by the Minister of Public Management, Home Affairs, Posts and Telecommunications.

Growing Citizen Awareness

Japan's local self-government has provisions for direct democracy not seen at the national level. For example, after collecting signatures from 2% of registered voters in a given local area, residents may request that heads of government establish, change, or abolish a certain ordinance. Or, with the same percentage of signatures, local residents may demand that a local audit commission perform an audit of work carried out by a local public entity or local elected leader. By collecting the signatures of one third or more of registered voters, petitions can be made to local election administration commissions to dissolve local assemblies or to dismiss an elected leader or local official. In addition to these types of direct petition, local residents are guaranteed by the constitution (article 95) the right to vote directly on special laws applicable only to one local public entity.

As a result of changes in the political environment and local political awareness, a growing number of local governments are establishing voting ordinances allowing residents to vote yes or no on important local issues. This trend is not based on the Local Autonomy Law but on the constitutional right to establish local ordinances. At present, local ordinances have been established in this way with respect to such issues as the building of nuclear power stations, plans to fill in seaside marsh areas, the continued presence of U.S. military bases, and the building of waste disposal facilities.

Reflecting the need to respond to resident complaints about local government, systems have been established for employing a local ombudsman charged with investigating aspects of local administration, with the first such system being created in 1990 in the city of Kawasaki in Kanagawa Prefecture. The ombudsman has the necessary powers of investigation to resolve complaints, and in cases where it is judged that the reasons for complaints are grounded in systemic defects or administrative shortcomings, the ombudsman will make his or her views public and advise the local administrative leader to correct the problems.



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