

# UCLG COUNTRY PROFILES

## Japan

(*Nippon-koku*)



**Capital:** Tokyo

**Inhabitants:** 127.433.494 (2007)

**Area:** 372.870 km<sup>2</sup>

### 1. Introduction



Japan is situated in northeastern Asia between the North Pacific and the Sea of Japan. It consists of four major islands, surrounded by more than 4,000 smaller islands. The area of Japan is 372,871 square kilometers. Japan's population is over 127 million (Yano Tsuneta Kinenkai, 2005).

Japanese former constitution (the Constitution of the Empire of Japan) was enacted in 1889 although it did not have any articles on local government. Municipalities were established artificially with merging traditional villages (*mura*) in 1888. The municipalities were under tutelage of the prefect as administrator of the Ministry of Home Affairs. In the process of democratization after the World War II, local autonomy was stipulated in the new Constitution adapted in 1946 and the Local Government Law was enacted 1947. It follows that municipalities are considered as local government.

Usually they use the word of local autonomy rather than that of local government in Japan, because the control of municipalities by the central government has gone on for a long period. Local autonomy means that local entity implements its own affairs by its own body with self-responsibility. Decentralization is to enable local entity to wield its capacity and power of government as autonomous body. And the notion of local democracy includes the right to make a decision and to direct participation of the habitants in local political process as well as in local elections.

### 2. Territorial Organization

The Local Government Law specifies that the basic units of local government shall be the prefectures and the municipalities. The regional level does not exist as local government. There are three categories of municipalities: city (*shi*), town (*machi*), village (*mura*). The fundamental requirement of city is to have more than 50,000 populations in principle. There are 1,820 municipalities, 779 cities, 844 towns, and 197 villages after the promotion of municipal merger by the central government for these eight years, while there were 3,229 municipalities in 2001:



671 cities, 1,990 towns and 568 villages. (MICA 2007. <http://www.soumu.go.jp>)

Local (municipal) public expenditure per inhabitant was 410 thousand yen in the fiscal year of 2004 (Japanese fiscal year begins on 1 April and ends on 31 March), 410 thousand yen in the fiscal year of 2003, 420 thousand yen in the fiscal year of 2002, 430 thousand yen in the fiscal year of 2001 and 430 thousand yen in the fiscal year of 2000. Total public expenditure per inhabitant was 1.25 million yen in the fiscal year of 2004, 1.23 million yen in the fiscal year of 2003, 1.26 million yen in the fiscal year of 2002, 1.36 million yen in the fiscal year of 2001 and 1.01 million yen in the fiscal year of 2000 (MIAC, 2002, 2003, 2004, 2005b, 2006c).

The ratio of local (municipal) public expenditure of GDP was 10.2% in the fiscal year of 2004, 10.4% in the fiscal year of 2003, 10.7% in the fiscal year of 2002, 10.8% in the fiscal year of 2001 and 10.5% in the fiscal year of 2000. The ratio local (municipal) public expenditure/ total expenditure was 34% in the fiscal year of 2004, 35% in the fiscal year of 2003, 35% in the fiscal year of 2002, 35% in the fiscal year of 2001 and 43% in the fiscal year of 2000. The ratio local (municipal) investment expenditure/ total (civil) public investment expenditure was 28% in the fiscal year of 2002, 28% in the fiscal year of 2001 and 27% in the fiscal year of 2000 (MIAC, 2002, 2003, 2004, 2005b, 2006c).

The capital city is Tokyo that is submitted to a separate legal regime. Tokyo Metropolitan Government carries out prefecture functions within the boundaries of the special wards (*ku*) as well as municipal functions (fire fighting, water supply and sewerage etc.). The twenty-three special wards are responsible for other city functions.

In the biggest three metropolitan areas, Tokyo, Nagoya and Osaka, at least, some conferences and associations that consist of prefectures and cities in metropolitan areas were established. They mount an effort in the field of disaster prevention, environment, tourism and economic growth etc.

Recently there was important territorial reform; huge merging of municipalities has been promoted especially since 1999. The number of municipalities has dropped by 56% for five years. Presently, future insights into the introduction of regional system are provided.

### 3. Local Democracy

#### Local-political system

At the end of 2005, almost all mayors are independent (99.9%). Only three mayors are party member. For municipal assembly member, 78.1% were independent, 7.6% were communist, 6.7% were member of the New Komeito, 4.3% were liberal democrat, 1.7% were democrat and 1.1% were social democrat (MIAC, 2006a). These are all national parties and there are some small local parties like 'liver network.' All the local elections are pluralistic.

Only the mayor is executive functions elected who is vested the authority at the municipality level. He or she is elected directly by habitants each four years and it is possible to be recalled. With respect to the elections of mayor, the system is 'first past the post.' A Japanese who is over 25 years old can be candidate. With respect to those of the assembly member, they are elected in the large-constituency system. A Japanese habitant who is over 25 years old can be candidate. The constituency is Japanese who are over 20 years old and still living in the area for more than three months.



There are not any comprehensive indicators available on citizen attitudes regarding local politics, local politicians, compared with national politics and national politicians like Eurobarometer yet.

#### Citizen participation

The turnout of elections of mayor was 56.23% in April 2003 and 61.12% in April 1999. And that of elections of municipal assembly was 55.94% in April 2003 and 60.52% in April 1999 (Association for Promoting Elections 2006). Although the turnout was more than 90% at a peak period (1950s), it continues to drop down. More than half of quadrennial local elections are unified.

According to the Local Government Law, habitants can demand the formulation, improvement or elimination of an ordinance, the audit, the dissolution of the assembly, the dismissal of mayor, assembly member or executive official. If habitants demanded a recall after collecting necessary signatures of habitants, voting of habitants is held unconditionally. However when they demand a referendum with necessary signatures, the assembly decides whether it is held or not. More than fifteen latter referendums on the US military relocation, the nuclear site and the construction of industrial waste disposal facility etc. were held last ten years. And there are many cases of the referendums on municipal merger and the recall. However the referendum is not a final process of decision but hearing.

Municipal government can establish the borough below the municipal level under provisions in the Local Government Law. Each borough has a council of which the law does not define the means of selecting the member. This system was established in 2004 and does not function enough across the country.

In many municipalities, the government has a system where habitants can express their opinions to mayor and concerned authorities by e-mail as well as by letter or fax. And some local governments have an electronic conference room system.

The General Headquarters of the Allied Forces legally abolished traditional customary institutions in 1947. However, they rewoke and function as active neighborhood community associations or local government subcontractors.

## 4. Central-Local Relationships

#### General issues

The Local Government Law defines that Municipality is the 'underlying local public entity.' And the Local Administration Bureau, the Local Finance Bureau and the Local Tax Bureau in the Ministry of Internal Affairs and Communications (MIAC) at the central government level and the Municipal Administration Division in the prefecture are main structures regarding local government matters.

Chapter 8 of the Constitution contains the articles on local self-government or local autonomy. The article 94 defines that the local public entity shall have the right to manage their property, affairs and administration and to enact their own regulations within law. The central government and the prefectural government are empowered to legislate on local government.

#### Supervision of local government

After the decentralization reform in 2000, Ministries do not have a right of direct control and supervision generally and sectorally. However, central government gets involved with the affairs of local government in the ways of 'counsel', 'imposition of supplying information',



'imposition of correction', 'agreement', 'consent, authorization, acceptance', 'direction', 'administrative subrogation' and 'discussion.' Financially the MIAC makes local government budget proposals for fiscal every year and presents a budget model of the local government. In this way, there are *de facto* supervision and control financially.

Central government is able to not accede or not authorize some measures and policies of local government. There are not any systems of dismissal and dissolution by central government.

Protection of local self-government rights and interest

If central government do not accede or authorize a policy of local government, the latter can file for the examination to the Dispute Settlement Commission. If local government is dissatisfied with the examination outcome or the ex-post measure, it can start a lawsuit. This system was established through the decentralization in 2000.

There are not any national institutions to represent local government interests. However there are the Japan Association of City Mayors, the Association of Town and Village Mayors, the National Association of Chairpersons of City Councils and the National Association Chairmen of Town and Village Assemblies. In cooperation with the National Governors' Association and the National Association of Chairpersons of Prefectural Assemblies, they present some alternative to the policies of central government and negotiate with it.

### 5. Local Responsibilities and Functions

Local government is empowered to manage their financial affairs. It makes, decides, implements its own budget and

makes up account. The reform of local system in 1947 under occupation enabled local government as autonomous legal body to implement fiscal management.

Legally, all the affairs that do not include what the State and the prefecture administer belong to the municipality. Although the affairs of municipality are classified into the autonomous affairs and the legally entrusted affairs, local government can set up municipality bylaw unless it goes against the law.

Local government can elaborate its comprehensive plan. In this field, competences of central government and prefecture are abridged and those of local government are expanded. In the field of education, the independent education board is set up in each municipality, which is responsible for the elementary and junior high school education. Presently there is much debate as to whether the competences of education should be relinquished to the board or taken in the general administration.

Although the prefecture which decide the outline of community welfare and services, it is municipal government which provides concrete services to habitants. Municipality is the main constituent that manages the systems of social security, child welfare, elder care, care insurance, welfare for the handicapped, statutory health insurance. In some cases, municipal hospital is established. Ordinary, municipalities have a cooperative structure of emergency medical care. In this field, the competences tend to be transferred to the lower level. At the same time, municipal fiscal burden is growing.

Water supply is the affaire of municipality. Practically the prefecture leads it in many cases and municipalities manage it on a conjoint basis. Energy supply is not the affair of local government. It is utility of



private sector. As far as public transport, the provision of service is not the duty of local government. However, many municipalities manage the transportation systems: subway, tramway and bus, although financial difficulties press for rationalization of them. The main actor of business development support is prefecture. However, the municipality implements the development of commerce and agriculture, the revitalization of local shopping area as well although they are not its duty.

The waste disposal, the water supply and sewage systems and the environment protection are local government tasks rather decentralized. And the official family registry and the national pension are tasks rather centralized.

## 6. Local Finance and Management

### 6.1 Local government incomes

Local authorities are vested with the taxation. Municipality's own tax represents 34.0% of total resources in the fiscal year of 2004, 33.7% in the fiscal year of 2003, 34.4% in the fiscal year of 2002, 34.3% in the fiscal year of 2001 and 34.3% in the fiscal year of 2000 (MIAC, 2002, 2003, 2004, 2005b, 2006c). The situation is very stable.

National taxes are the personal income tax, the corporation income tax, the inheritance tax, the national consumption tax, the liquor tax, the tobacco tax etc. Taxes of prefecture are the individual inhabitant tax, the business-use tax, the local consumption tax, the automobile tax etc. Taxes of municipality are the individual inhabitant tax, the property tax, the city planning tax, the local tobacco tax etc. Taxes that central government collects and transfers to municipality are the local road transfer tax, the local automobile transfer tax, the local aircraft fuel tax etc. National

treasury disbursement (subsidy) and local allocation tax grant are transferred from central government to municipality as well. Additionally, some of the tax of utilization of golf course, automobile acquisition tax and local consumption tax, and prefectural treasury disbursement (subsidy) are transferred from prefectural government to municipal government.

External incomes (for example from international organizations or donors) are very little. They represent only 0.2% of total resources in each year. However, the share of municipal bond of total resources was 10.4% in the fiscal year of 2004, 12.1% in the fiscal year of 2003, 11.3% in the fiscal year of 2002, 10.6% in the fiscal year of 2001, 9.3% in the fiscal year of 2000 (MIAC, 2002, 2003, 2004, 2005b, 2006c). The scale of total outstanding debt for local government is one of the most important problems.

There is a distinction between general and special budget. Each field of water supply, sewage works, national health insurance, nursing care insurance, health insurance for the aged, public hospital management, municipal transportation works etc. has special budget because it is necessary to collect insurance due and fees for a specific utility. Covering of a deficit from the general budget and insufficient disclosure of information remain significant problems over the special budget.

Charges and fees represent 4.2% in 2004 fiscal year, 4.1% in 2003 fiscal year, 4.0% in 2002 fiscal year, 3.8% in 2001 fiscal year and 3.8% in 2000 fiscal year of total revenues in local budget (MIAC, 2002, 2003, 2004, 2005b, 2006c). This is not so weighty. However, it is worthy of remark that the share is rising. Charges and fees, and the way of collection are laid down by municipal bylaw.



## 6.2 Local government personnel and management

The number of full time employees of municipality is 1,432,494 in April 2005 (MIAC, 2006a). The Local Public Service Law defines the fundamental criteria of local agency of personnel, recruitment, position classification system, remuneration, work hours, other conditions of work, disciplinary punishment, office regulation, training, personnel rating and benefits etc. However, personnel rating system is not established or operated determinately. And there is an important issue of labor rights of government workers.

According to the Corruption Perceptions Index of the Transparency International, the grade of corruption was 21<sup>st</sup> in 2005, 24<sup>th</sup> in 2004, 21<sup>st</sup> in 2003, 20<sup>th</sup> in 2002 and 21<sup>st</sup> in 2001 in order of increasing (this survey is not on local politics but on national politics) (Transparency International, 2006). In the fiscal year of 2004, ninety-two corruption cases occurred at the level of municipality. In the local government where a case occurred, the enhancement of check system, the emergency checkup and the reform of accounting data process etc. were instituted (MIAC, 2005b).

Management reforms of local government have been undertaken for more than ten years, although they are under the direction of central government. Lately local governments are drawing up and carrying out new intensive reform plan in response to the 'New guideline for the promotion of administrative reform in local governments' issued by the MIAC in March 2005. In concrete terms, local governments are forced to compete on the revision of affairs, the introducing of evaluation system, the promotion of private consignment, the revision of organizational structure, the reduction of the number of regular staff, the

appropriateness of salary and the fiscal soundness etc.

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