

Historical Development of Japanese Local Governance Vol.3

**Volume 3 The Development of the Prewar Local Autonomy System
(1909—1929)**

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Foreword

The Council of Local Authorities for International Relations (CLAIR) and the National Graduate Institute for Policy Studies (GRIPS) have been working since FY 2005 on a “Project on the overseas dissemination of information on the local governance system of Japan and its operation”. On the basis of the recognition that the dissemination to overseas countries of information on the Japanese local governance system and its operation was insufficient, the objective of this project was defined as the pursuit of comparative studies on local governance by means of compiling in foreign languages materials on the Japanese local governance system and its implementation as well as by accumulating literature and reference materials on local governance in Japan and foreign countries.

In FY 2009, we continued to compile “Statistics on Local Governance (Japanese/English)”, “Up-to-date Documents on Local Autonomy in Japan”, “Papers on the Local Governance System and its Implementation in Selected Fields in Japan” and “Historical Development of Japanese Local Governance”. We also continued to conduct a search for literature and reference materials concerned with local governance in Japan and overseas to be stored in the Institute for Comparative Studies in Local Governance (COSLOG).

If you have any comments, suggestions or inquiries regarding our project, please feel free to contact the Council of Local Authorities for International Relations (CLAIR) or the Institute for Comparative Studies in Local Governance (COSLOG) of the National Graduate Institute for Policy Studies (GRIPS).

March 2010

Michihiro Kayama
Chairman of the Board of Directors
Council of Local Authorities for International Relations (CLAIR)
Tatsuo Hatta
President
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Preface

This booklet, one of a series which started to appear in 2009-10, is one result of collaboration that started in 2005 between the Institute for Comparative Studies in Local Governance, National Graduate Institute for Policy Studies, and the Council of Local Authorities for International Relations, under the title, “Project on the overseas dissemination of information on the local governance system of Japan and its operation”. For the purpose of implementing the project, a “Research committee for the project on the overseas dissemination of information on the local governance system of Japan and its operation” was established, and a chief or deputy chief with responsibility for each part of the project have been designated.

Within the framework of the above project, we began to study in 2008 how to establish and take forward a self-contained project under the title “Historical Development of Japanese Local Governance”. The project will comprise the publication of 10 volumes in the form of booklets which will examine the formation, development process and history of local governance in Japan. We are convinced that the results of the research that underlies this project will be of immense use in the comparative study of local governance in many countries. The work has been taken forward primarily by the core team members listed below, and it is planned that all the research will be brought together by the publication, one at a time, of a booklet authored by each team member during 2010 and 2011.

(Chiefs):

Hiroshi IKAWA	Professor, National Graduate Institute for Policy Studies
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This booklet, Vol. 3 in the series, “Historical Development of Japanese Local Governance” gives an account of the development process and history of local governance in Japan in the period 1909-1929.

The period (1909-1929) covered by this volume can be termed one in which, against the backcloth of the flowering of Taisho Democracy, local governance in Japan underwent significant development and enrichment. It is within this context that this volume introduces the history of local governance and changes in local finance on the basis of the current of the times and the movement of national policies.

From now on too, we aim to strengthen this series, by continuing to examine and research the formation and development of local governance in Japan.

I would like to express my heartfelt appreciation to the members of the research committee for their expert opinions and advice.

Lastly, I need to thank Mr. Maurice Jenkins for his work in translating this booklet into English from the original Japanese booklet.

March 2010

Hiroshi Ikawa
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Research committee for the project on the overseas dissemination of information
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Volume 3 The Development of the Prewar Local Autonomy System (1909—1929)

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Introduction

The third volume in this history of local autonomy (1909-1929) covers the “period in which (the system of) local autonomy in Japan underwent considerable development, and became a much more substantial force”.

The period was one in which the socio-economic situation underwent great changes; new industries expanded, with heavy chemicals in the lead, and at the same time, phenomena such as the development of urbanization and the movement of young people away from the farming villages in which they were born, were clearly in evidence. In an environment characterized by the collapse of the traditional order of farming villages and an increase in the number of unemployed persons, people faced hardship in their daily lives, with the frequent outbreaks of cultivation disputes, workers’ disputes, and in 1918, rice riots.

Looking more closely at the movement of the economy, the favorable economic conditions that followed the Russo-Japanese War (1904-05) did not last for long, and from 1907, as the result of a reaction against this, the economy worsened. From 1910 into 1912, there were signs of a recovery, but in 1913, the recovery slowed down, and the recession became more severe. In 1914, with the outbreak of World War I, the Japanese economy took a dramatic turn for the better, and from 1916, the national growth rate exceeded 20%. However, in 1920, share prices fell, and in 1922, fell for a second time, and within this context of collapsing share prices, economic conditions got steadily worse. In the following year, 1923, the Great Kanto Earthquake occurred, causing tremendous damage in Japan, centered on the Tokyo region, but as a result of the stimulus given by reconstruction efforts the economy showed signs of improvement. But the improvement was short-lived, and 1927 saw an outbreak of financial panic. From a wider perspective, October 1929 was marked by the Great Depression on a global scale, setting the Japanese economy firmly on the road to conditions of extreme hardship.

Turning to the political sphere at this time, a defining phenomenon, in a period which became known as Taisho Democracy, after the name of the Taisho era, was the first full-scale formation in 1918 of a party-based cabinet under the leadership of Prime Minister Hara Takashi. Within a context defined by such phenomena, political party-based government took a great stride forward. In the field of external relations, Japan annexed Korea in 1910, and participated in

World War I from 1914. Japan's new-found eagerness to advance into overseas countries was evidenced by the dispatch of troops into Siberia. Efforts to achieve disarmament were seen at the Washington Naval Conference of 1921, but the results were less than satisfactory.

Against the background of the above developments, local autonomy (local administration) in Japan developed and underwent great changes, as will now be shown.

1) As a result of socio-economic changes and the advance of urbanization, there was an increase in the duties that had to be carried out by local bodies (governments). Among the specific duties can be listed educational matters such as the provision of elementary schools and junior high schools, afforestation and flood control work, civil engineering projects such as water and sewerage provision, and industrial and economic development matters. In addition to these, mention should be made of the development of public health work and activities concerning society and labor accompanying the enactment of the Tuberculosis Prevention Law of 1919 and the Employment Placement Law of 1920.

2) As a result of the increase of a monetary economy throughout the country, and the development of industrialization, the prevailing order and system in agricultural villages showed signs of collapse, as manifested in phenomena such as the flight of young people from farming villages, antagonism between landowners and small farmers, and spreading poverty among farmers. It was in this kind of environment that local reform movements aimed at the renaissance and improvement of agricultural areas were taken forward in earnest from around 1908. A further development, taken forward from around 1906, was the transformation of hamlet-owned forest lands into forestry under the jurisdiction of towns and villages; this measure was aimed at the strengthening of the appropriate administration of publicly owned forestry lands and of the financial base of towns and villages. The government also poured considerable effort into recovery measures following the Great Kanto Earthquake of 1923.

3) As part of the development of party politics, the disposition of personnel based on party affiliations was also carried out, and there were a significant number of cases in which prefectural governors were changed at the time of a Cabinet change. On the other hand, as a result of the revision in 1925 of the Law for the Election of Members of the House of Representatives, what was known as a Popular Election System (universal adult male suffrage) was introduced. In the case of local elections too, a Popular Election System was introduced by means of revisions in 1926 to the laws for the prefectural system, and for the city, town and village system. In this context, movements to clean up and bring a measure of discipline into the election process and city administration could also be identified.

4) Efforts were made to reform and strengthen the local autonomy system. An overall reform of the system of cities and that of towns and villages was undertaken in 1911, and 2 laws concerning the system of cities and that of towns and villages respectively were enacted.

Revisions to the two systems were subsequently carried out in 1921, 1926, and 1929, and strengthening of the right of local autonomy was aimed at through such revisions as the reduction of the number of items for which the permission of the prefectural governor was needed. On the other hand, reform of the prefectural system was also carried out in 1914, 1922, 1926 and 1929. Among these various reforms, it was the reform of 1929 by means of which local autonomy was expanded through such measures as strengthening the powers of local assemblies and conferring on prefectures the right to enact bylaws. The system of counties (*gun*) was abolished in 1923, and county offices were abolished in 1926.

5) In line with such factors as the increase in the duties undertaken by local bodies and the rise in the cost of living, the scale of local finances showed a large expansion from the latter part of the 1910s. The number of local bodies running public enterprises (businesses) such as water supply work also increased. Within this kind of framework, the Law of the State Liability of Municipal Compulsory Education Expenditure was promulgated in 1918. In 1919 the City Planning Law and the Road Law were enacted and the central government arranged measures such as national treasury subsidies to help local bodies carry on their duties.

6) The increase in duties on the part of local bodies, as referred to above, was also accompanied by a debate on strengthening local tax revenue, and it was in this context that the rearrangement and rationalization of the local tax system was taken forward. In the first place, restrictions on local taxation were reduced, and at the same time, in 1919, a Special City Planning Tax was created. In 1921, prefectural taxation house rate regulations were issued, aiming to rationalize a system that had been the object of criticism, and in 1926, the Law concerning Local Taxes was enacted, aiming at strengthening independent local taxation and modernizing the local taxation system. Finally, from the late 1920s, there was a considerable debate on the problem of the transfer of land tax and business tax from the central government to local bodies with the aim of expanding local tax revenue.

On the basis of the characteristics and movements in local autonomy during this period in Japan, as outlined above, the structure of this paper is as follows.

Chapter 1 examines the increase in the duties of local bodies accompanying socio-economic developments. After outlining developments aimed at strengthening educational administration and developments in civil engineering-related projects, both of which areas were defined as forming the foundation of national development, the chapter looks at such areas as industrial and economic administration, public health administration, and social and labor administration.

Chapter 2 sets out details of the local reform movement aimed at strengthening responses to socio-economic changes in agricultural areas, and measures concerned with the transfer of hamlet-owned forestry lands to the jurisdiction of towns and villages. The Great Kanto Earthquake and reconstruction work are also touched on.

Chapter 3 takes the development of party politics as the main theme, and within this framework, examines reforms in local management administration and the election system. Movements aimed at cleaning up elections and city politics are also touched on.

Chapter 4 sets out the reforms undertaken in the system of prefectures, cities, and towns and villages respectively, aimed at strengthening the development of local autonomy.

Chapter 5 examines the local financial situation in the light of the expansion of duties to be undertaken locally, and such reforms of the local system as the enactment of the Law of the State Liability of Municipal Compulsory Education Expenditure.

Chapter 6 sets out details of the relaxation of regulations in response to measures aimed at strengthening local tax revenue sources, and trends in the reform of the local tax system such as, the creation of a special city planning tax, and the enactment of the Law concerning Local Taxes. Consideration is also given to the problem of transferring land tax and business tax from central government to local tax revenue.

Finally, on the basis of the explanation of the account given in Chapters 1 through 6, the paper will attempt to clarify the characteristics of local autonomy in the period in question and set out the main points of developments.

1 An increase in administrative duties undertaken at local level

1.1 The increasing number of duties of local bodies

This period is one marked by great socio-economic change and the advance of urbanization; in this context, there was also an increase in the duties and the problems that were expected to be dealt with by government.

The main points can be listed as follows: 1) In addition to educational administration and the administration of afforestation and flood control work, which had already been undertaken prior to this period as a basic part of national development, road construction was positively implemented from around 1920. 2) Accompanying the development of the national economy, policies were implemented to protect and nurture war-related industries as well as to counter the deepening depression in the wake of World War I. 3) Public health administration developed through such measures as the enactment in 1919 of the Tuberculosis Prevention Law and the Mental Hospital Law, and water supply and sewerage work as well as city planning administration work was undertaken. 4) Through the enactment of such measures as the Factory Law and the Health Insurance Law, labor administration and social welfare administration were advanced.

In order to implement the kinds of measures outlined here, many laws and regulations needed to be promulgated, but the central government did not have sufficient power to implement the duties spread over such a very wide area, so for the implementation of much of the work,

reliance was enforced placed on local bodies. Within this kind of context, there was an increase in the duties entrusted to local bodies, and accompanying this was a rise in the cost of living and a large expansion in the scale of expenditure incurred by such bodies. A detailed account will be given in Chapter 5, but it is sufficient to note here that local expenditure increased by 6.4 times from 27.2 million yen in 1909 to 173.8 million yen in 1929.

Table 1 Population, National Income, Central Government Expenditure, Local Expenditure, Local Tax Revenue, Price of Rice over the Years

(Unit: thousand people (population), million yen (national income), 10 thousand yen (central government expenditure, local expenditure, local tax revenue), yen/180.4 liters (rice), %(percentage change))

Year (Fiscal year)	Population	Percentage change	National income	Percentage change	Central government expenditure	Percentage change	Local expenditure	Percentage change	Local tax revenue	Percentage change	Price of rice	Percentage change
1909	39,473	—	1,030	—	7,971	—	3,939	—	2,937	—	6.05	—
1910	48,554	1.2	3,305	△ 3.0	53,289	△ 16.3	27,228	14.2	16,410	9.1	13.19	△ 17.5
1911	49,184	1.3	3,333	0.8	56,915	6.8	28,761	5.6	17,027	3.8	13.27	0.6
1912	49,852	1.4	3,884	16.5	58,537	2.8	39,715	38.1	18,291	7.4	17.34	30.7
1913	50,577	1.5	4,508	16.1	59,360	1.4	33,648	△ 15.3	19,439	6.3	20.69	19.3
1914	51,305	1.4	4,556	1.1	57,363	△ 3.4	32,718	△ 2.8	18,993	△ 2.3	21.44	3.6
1915	52,039	1.4	4,241	△ 6.9	64,842	13.0	32,763	0.1	19,013	0.1	16.15	△ 24.7
1916	52,752	1.4	4,223	△ 0.4	58,327	△ 10.0	31,787	△ 3.0	18,758	△ 1.3	13.06	△ 19.1
1917	53,496	1.4	5,146	21.9	59,080	1.3	33,461	5.3	19,758	5.3	13.66	4.6
1918	54,134	1.2	6,655	29.3	73,502	24.4	38,780	15.9	22,613	14.4	19.80	44.9
1919	54,739	1.1	9,257	39.1	101,704	38.4	50,469	30.1	28,203	24.7	32.51	64.2
1920	55,033	0.5	12,834	38.6	117,233	15.3	66,258	31.3	40,398	43.2	45.89	41.2
1921	55,391	0.7	13,154	2.5	135,998	16.0	96,287	45.3	57,395	42.1	44.28	△ 3.5
1922	56,120	1.3	12,055	△ 8.4	148,986	9.6	109,253	13.5	63,738	11.1	30.89	△ 30.2
1923	56,840	1.3	12,107	0.4	142,969	△ 4.0	130,913	19.8	70,433	10.5	35.15	13.8
1924	57,580	1.3	12,117	0.1	152,105	6.4	127,511	△ 2.6	61,008	△ 13.4	32.38	△ 7.9
1925	58,350	1.3	13,702	13.1	162,502	6.8	132,769	4.1	62,820	3.0	38.33	18.4
1926	59,179	1.4	14,304	4.4	152,499	△ 6.2	142,944	7.7	64,434	2.6	41.57	8.5
1927	60,210	1.7	13,344	△ 6.7	157,883	3.5	161,810	13.2	66,438	3.1	37.58	△ 9.6
1928	61,140	1.5	13,051	△ 2.2	176,572	11.8	200,081	23.7	63,681	△ 4.1	35.23	△ 6.3
1929	62,070	1.5	13,464	3.2	181,486	2.8	192,469	△ 3.8	66,862	5.0	30.70	△ 12.9
1929	62,930	1.4	13,941	3.5	173,632	△ 4.3	173,778	△ 9.7	67,711	1.3	28.92	△ 5.8
Average rate of increase (simple average)	—	1.3	—	7.8	—	5.5	—	11.0	—	8.2	—	5.3

[Sources]

- 1 Produced by author using the following publications.
 - i Data for Population, National income, Central government expenditure, and Price of rice was taken from "Hundred-year statistics of the Japanese economy" (Bank of Japan, Statistics Department, ed.)
 - ii Data for Local expenditure and Local tax revenue was taken from "Hundred-year history of local autonomy, Vol. 3" (Editorial Committee for the Hundred-Year History of Local Autonomy, ed.)"documentary section"
- 2 Data for Population, National income and Price of rice denotes the figures for a "calendar year", and data for Central government expenditure, Local expenditure, and Local tax revenue denotes the figures for a "fiscal year".
- 3 Central government expenditure is the general account expenditure.
- 4 Price of rice is the price for a koku (about 180 liters) of rice.

However, although efforts were made by such means as subsidies from the national treasury to supplement local revenue sources in order to enable these various expenditures to be met, these efforts were not necessarily adequate, and local bodies found themselves in dire straits in terms of their financial management. In this kind of framework, a reform of the local tax system was undertaken, and attempts were made to increase local taxation, but again it has to be said that efforts to secure the necessary revenue for local bodies with their weak financial powers were still inadequate.

Furthermore, as can be seen from Table 1 “Population, National Income, Central Government Expenditure, Local Expenditure, Local Tax Revenue, Price of Rice Over the Years”, a comparison of 1909 with 1929 shows that the population increased 1.3 times, national income increased 4.2 times, and central government expenditure increased 3.3 times, while the expenditures of local bodies increased 6.4 times, and the cost of living rose 2.2 times.

A somewhat more detailed account of administrative duties in this period now follows.

1.2 Putting in place the foundation of national development

(1) Strengthening educational administration

Strengthening education was the most important policy of the Japanese government as a whole; the changes in the rates of attendance at elementary schools, which comprised the compulsory education sector at this time, reflect the thoroughness with which national policies were pursued. Attendance rates rose very significantly, from 28% in 1873 to 48% in 1889, to 73% in 1899, and to 98% in 1909.¹ Furthermore, the number of years for which children were required to attend elementary school, comprising compulsory education, was increased from 4 to 6 years in 1907. Turning to the division of duties, higher education, including university education, was handled by the central government, but as far as elementary and secondary education (elementary schools and junior high schools) was concerned, it was decided around 1890 that the division of responsibilities was such that the content of the education was determined by the central government, but the creation and the construction of schools, and the accompanying costs, were the responsibility of local bodies. In this situation, cities, towns and villages, as the bodies responsible for elementary education, suffered very hard times when faced with expenditure on teacher salaries and the construction of school buildings. It was with a view to rectifying the position, as explained in Chapter 5 below, that the Law of State Liability of Municipal Compulsory Education Expenditure was enacted.

Secondary education institutions were also strengthened by the revision of the Junior High School Imperial Edict of 1899 and by the Girls’ High School Imperial Edict of the same year. As a result, the burden on prefectures, which were the establishers of junior high schools and girls’ high schools, also increased.

(2) Afforestation and flood control administration, irrigation work

Three laws, namely the River Law of 1896, and the Erosion Control Law and the Forest Law, both of 1897, constituted the legal framework for afforestation and flood control work. Through the promulgation of the River Law, responsibility for the supervision of large rivers and for associated costs was in principle made a burden on prefectures, but for financial reasons, irrigation work was not taken forward. On the other hand, the supervision and administration of medium-sized and smaller rivers, as well as the associated costs, were finally made the responsibility of towns and villages, and of hamlets (a hamlet was a local organization covering a smaller area than a town or village, and a town or village was composed of several hamlets).

Against this background, with the Great Flood of 1910 acting as a trigger, Japan's first Flood Control Plan was established, and flood control projects were adopted, centering on projects directly undertaken by the central government. In 1917, prefectures drew up a radical river improvement plan, and a system was established under which the central government was to provide subsidies to the extent of one-half of the costs involved. Furthermore, the first Flood Control Plan was revised in 1921, with the aim of strengthening it, but with the worsening of the economy following the end of World War I and the effects of the Great Kanto Earthquake it could not necessarily be asserted that flood control projects proceeded in an orderly fashion.

Turning to the utilization of rivers, in addition to the already existing use of water for agricultural purposes, hydro-electric generation also advanced in line with the development of the economy. In this context, water supply became a source of disputes, and with the aim of putting an end to these, guidelines relating to water use were set out for the attention of the prefectural governor (local Chief) in 1916, and criteria for water charging were established in 1922.

(3) Road construction and enactment of the Road Law

Since the time of the Meiji Restoration, the main focus of land communication policies was on railroads, and in comparison with river administration, the implementation of road policy lagged behind. The necessary legal and regulatory structure had been the subject of examination since the latter half of the 1890s, but it was not until 1919 that the Road Law was finally enacted. Under this law, a broad distinction was made between different kinds of roads, namely national roads, prefectural roads, county roads and town and village roads, regulations were established for approval by the Minister of the Interior, the prefectural governor, and the city, town or village mayor respectively, and positive implementation of a road administration policy was initiated. Furthermore, the Public Loans for Road Improvement Law was enacted, and with such loans as a source of funding, plans were made to implement the construction and improvement of more than 2,000 km of national roads, and more than 400 km of prefectural roads. At the core

of the road projects were roads constructed by prefectures, the implementation of which was subsidized by the central government. However, plans were re-evaluated, with a central focus on revenue sources, following the Great Kanto Earthquake of 1923.²

1.3 The development of industrial policy

(1) Promoting industry

In a reaction against the economic upturn at the end of the Russo-Japanese War, the economy worsened, but from 1910 again showed an improvement. Subsequently, from 1913, the improvement slackened, and the depression became more severe. As shown in Table 1, national income entered minus growth in 1914 and 1915. However, after World War I broke out, the economy showed very considerable improvement, with a large increase in national income from 1916 to 1919.

Within this kind of framework, the government put efforts into promoting the economy, at the same time as invoking the full power of the state by implementing economic controls appropriate to wartime. As a result, a number of industrial sectors displayed remarkable development, including the chemical industry (e.g. dyeing and drug manufacture), the iron and steel industry, shipbuilding, mechanical engineering, and the spinning industry. Productive income from secondary industries showed a large rise from 829 million yen in 1909 to 3,963 million yen in 1919.³

However, the downside was that the price of rice rose sharply, exerting a very substantial effect on the national livelihood. In an effort to achieve stability in the cost of living, the government attempted to curb excessive profits, but without any visible effect. If we look in particular at the price of rice (Table 1), we see that it increased more than 3 times from 1915 to 1919. It is in this context that civil unrest, taking the form of what were known as “rice riots” broke out in many different areas, and in September 1918, Prime Minister Terauchi’s Cabinet collapsed.

(2) Responses to the economic (postwar) crisis, price stability measures, trade promotion

As World War I came to an end, the economic upturn soon showed signs of ending, and in March 1920, the drop in share prices triggered an economic crisis. If we look at the state of the Japanese economy after 1920, we can see that, as shown in Table 1, the economy grew by more than 10% in 1924 thanks to reconstruction work following the occurrence of the Great Kanto Earthquake, but in general there were large falls and growing severity, with a decrease in the national income in 1921, 1926 and 1927. In this kind of economic climate, with a view to responding to the severe economic conditions found in agricultural areas, many different kinds

of countermeasures, taking such forms as subsidies to the sericulture industry and to rice and wheat growers.

As can also be seen in the promulgation of the Rice Law in April 1921, price stabilization policies were implemented in an attempt to adjust the supply and demand of rice. In the area of heavy chemical industries too, subsidies were given to the iron and steel industry and to the shipbuilding industry, and the Exporters' Association Law, which aimed to promote trade, was promulgated in March 1925. At the same time, the system of carrying out an examination of exports was strengthened.

1.4 Putting daily living environment structures in place

(1) The development of public health administration – enactment of the Tuberculosis Prevention Law and an epidemic of Spanish flu

In 1914, the central government, providing grants from the national treasury, ordered that public tuberculosis sanatoria should be established in Tokyo, Osaka and Kobe. In the latter part of the 1910s, the number of deaths from TB exceeded 80,000 a year, leading to the enactment of the Tuberculosis Prevention Law in March 1919.⁴ Under this law, cities with populations exceeding 50,000 were required to establish a TB sanatorium, and regulations were set out regarding subsidies from the national treasury and other means of assistance toward the associated costs.

In March 1919, the Mental Hospital Law was enacted. Under this law, the central government ordered the establishment of mental hospitals within prefectures, and regulations were drawn up so that funding subsidies and other forms of assistance could be provided. The Trachoma Prevention Law was also enacted in March of the same year.

1918 saw the outbreak of an epidemic of what was called Spanish flu, and from the time of the outbreak until July 1921, one-third of the population of Japan at the time (23.8 million people) were infected, and fatalities numbered 389,000 people.⁵ In April 1922, the Infectious Diseases Control Law was revised. To promote the medical system, the Patent Medicine Law had been enacted in March 1914, and nursing regulations issued in June 1915, while the Pharmacists Law was enacted in April 1925.

(2) The installation and expansion of water supplies and the beginning of sewerage work

Following the completion in 1887 of Japan's first modern piped water supply in Yokohama, the provision of water supplies was also taken forward in open port cities such as Hakodate and Nagasaki, and in large cities such as Tokyo and Osaka. In 1911, such work was being carried out in 23 locations, with water being supplied to a total 4.18 million people. Accompanying the development of cities in the Taisho era (from 1912 to 1926), new water supply work was

expanded to even more cities, so that by 1925, water supply work was implemented in 106 locations, and water was supplied to a population of 12.26 million people.⁶

Compared to the provision of piped water, sewerage work lagged far behind. However, the Sewerage Law was enacted in 1900, and sewerage work was implemented in 6 large cities, including Sendai, Nagoya, Osaka and Tokyo. By the start of the Taisho era in 1912, another 11 cities including Yokohama, Shizuoka and Okayama had started sewerage construction work.⁷ The provision of sewers was deemed to be a publicly managed enterprise carried out by cities, towns and villages, and the permission of the Minister of the Interior was required to implement the work. Necessary funding for the work was to be provided by a subsidy from the National Treasury (one-third of the cost), but in actual fact, only a very small amount was given in grants.

(3) Expansion of city planning work – enactment of the City Planning Law

Turning to the area of city planning, a revision of the bylaw concerning the city and wards of Tokyo was enacted in 1888, and city planning work was taken forward, but it was only after the beginning of the 1910s that the need for city planning in cities other than Tokyo was recognized. Industrialization developed as a result of World War I – specifically, the number of factories increased from 15,000 in 1912 to 87,000 in 1921 – and in addition to Tokyo, the main concentrations of factories established at this time were found in the periphery of Osaka, Kyoto, Nagoya, Yokohama and Kobe. The age of urban expansion had begun. In this situation, in the same way as in Tokyo, in the 5 other cities referred to above, a legal structure comparable to the bylaw concerning the city and wards of Tokyo, was put in place in April 1918. In the following year, in April 1919, the City Planning Law and the Urban Buildings Law were enacted, and implementation took effect from January 1920. Initially, the City Planning Law was applied only to 6 large cities, but in July 1923 it was applied to an additional 25 cities, including Sapporo, , and thereafter too, the application of the law was expanded still further, with another 15 cities added in April 1925.⁸

1.5 The development of social and labor administration

(1) The development of labor administration – promulgation of the Factory Law and the Employment Placement Law

In March 1911, the Factory Law, the need for which had been a subject for debate since the latter part of the 1890s, was promulgated. Under this law, regulations were established governing the employment of minors and girls as well as details of assistance to prevent accidents and injuries in the course of employment. However, because of the influence of the economic depression and other factors, implementation of the law was delayed until September 1916.

The need to provide medical assistance to the sick and wounded in the Sino-Japanese War and the Russo-Japanese War as well as to provide help to bereaved families, led to the passing of the Soldiers' and their Families' Relief Law in July 1917. April 1921 saw the promulgation of the Employment Placement Law, which provided for the establishment of non-charging employment placement offices in municipalities and prohibited fee-charging placement enterprises.

(2) The start of social welfare policies – enactment of the Health Insurance Law and establishment of social welfare bureaus

In April 1922, the Health Insurance Law was enacted, with the objective of providing costs for medical treatment and burial when persons employed in factories and offices became ill. The insurers comprised the government and health insurance societies (associations), and in principle, half the insurance costs were to be met by employers. This health insurance system was scheduled to start in April 1924, but was in fact implemented in its entirety from January 1927.

Within the above framework, the Relief and Protection Division was established within the Local Affairs Bureau of the Ministry of the Interior, and in December 1919, its name was changed to the Social Division. In August 1920, this was upgraded to the Social Bureau, and this in turn was reorganized as the External Affairs Bureau in November 1922.

2 Promotion policies for rural areas and earthquake disaster reconstruction

2.1 Basic principles for the development of towns and villages and the Local Reform Movement

(1) Socio-economic change and basic principles for the reform of towns and villages

From around the time of the Russo-Japanese War, Japanese industry showed a steep improvement. Specific changes were on the one hand an increase in urban development as a result of the movement of population from farming villages into cities, and on the other hand, the ongoing decline of agricultural areas. In these areas, antagonism rose between landowners and tenant farmers, and for many farming families, the circumstances of daily life became very severe. And in urban areas, there were many civil disturbances by workers, and socialist movements became more vigorous in their activities.

Against this background, and with a particular focus on agricultural areas, it was feared that people might begin to have misgivings about the foundation of the local system under the Meiji Constitution. It was in these circumstances that the central government decided to launch an investigation into the basic principles of municipalities (towns and villages) and to aim at developing and bringing prosperity to local areas by means of implementing the reform movement set out below.

The concept of the basic principles of municipalities (the direction that they should follow) can be seen as a kind of promotion plan for municipalities, and an investigation had in fact already been carried out by the private sector. Included in the contents of the investigation into the concept of principles was an appraisal of the current situation and future objectives of municipalities, and the investigation aimed to promote local areas by implementing an examination of the reality of the conditions in towns and villages. The decision to proceed with an investigation was endorsed by the National Agricultural Conference of 1899, and from about 1910, prefectures directed that implementation should take place within the wider context of the local reform movement; in this way, the implementation came to cover the whole country. It should also be noted that by the enactment of the Agricultural Association Law of 1899 and other measures, the structural organization of agricultural associations (co-operatives) was confirmed, and efforts were made to develop an industrial promotion policy that effectively utilized these.

(2) The development of the Local Reform Movement

With the aim of taking countermeasures against a spirit of social unrest, which constituted a source of alarm after the end of the Russo-Japanese War, the Boshin Imperial Rescript was promulgated in October 1908, extolling the virtues of thrift and diligence in the service of the development of the Japanese nation.

It was also in October 1908 that Minister of the Interior Hirata used the occasion of a Governors' Conference (Conference of prefectural governors (Local Chiefs)) to expound the importance of cultivating a spirit of diligence and avoiding moral degeneracy, and to call for the promotion of local reform. Using this Governors' Conference as a trigger, and with the Ministry of the Interior taking the lead, a "Local Reform Movement" was developed through the 1910s. Specifically, in July 1909, the Ministry of the Interior in the capacity of the leading organizer, summoned county chiefs, and mayors of towns and villages from all over Japan, and a Local Reform Project Training Course was initiated. At the opening ceremony, Minister Hirata said that the development of local autonomy was indispensable for the development of the Japanese nation, and indicated the importance of organizing many different kinds of projects aimed at the improvement of towns and villages. The content of the course comprised lectures and training covering a very wide range, including local supervision, agricultural economy, farming village improvement, local improvement, and so on. It was subsequently repeated and continued until 1923.

2.2 The conversion of hamlet forest lands to assets of towns and villages

At the beginning of the 1900s, hamlets possessed nearly 80% (about 37,000 km²) of publicly

owned forest lands. The trigger to generate a debate on the conversion of hamlet forest lands was provided by the floods in the Kanto area of Japan in 1907 and 1910. The objectives of the proposal to convert the forest lands to assets of towns and villages can be listed as follows: i) to put under municipal (town and village) ownership hamlet forest lands which were irresponsibly and inadequately managed, and to take forward the mechanism for doing this; ii) at the same time, to aim at establishing a firm financial base by using the assets, in the context of severely strained finances of towns and villages; and iii) to aim at correcting the strong hamlet-oriented way of thinking (the concept of defense of the hamlets). In short, in addition to meeting the demand for sound administration in forestry and flood control work, the proposed measures had the objective of strengthening the administrative and financial foundation of towns and villages.

But that said, there were still many difficulties in the way of implementing conversion of forest lands to the ownership of towns and villages, and right up until 1918, no more than a quarter of hamlet forest lands had been brought under municipal control. In this situation, in 1919, giving due consideration to the profit that had hitherto accrued to hamlets, the conditions for the transfer of forest lands to municipal ownership were relaxed, and development of such transfers was taken forward on a large scale.

Moreover, in 1910, the central government set out regulations governing the granting of subsidies for the afforestation of publicly owned forest lands. The subsidy system was gradually strengthened, and at its peak, around 1914, afforestation was being carried out in respect of around 200km² of land every year. In July 1920, the Public Land Forestation Administration Law was promulgated, under which the central government was itself empowered to undertake and bear the cost of afforestation programs, and through these programs, about 3,000km² of land, combining land in the possession of hamlets and of municipalities, was made into forest land.⁹

2.3 The Great Kanto Earthquake and reconstruction work

On September 1, 1923, an earthquake of magnitude 7.9 struck the Kanto area of Japan, causing severe damage to 6 prefectures, centered on the cities of Tokyo and Yokohama. The numbers of dead and missing rose to 104,000, and 46% of the surface area of Tokyo, and 28% that of Yokohama was devastated.

The Government proclaimed martial law in the prefectures of Tokyo, Kanagawa, Saitama and Chiba, and while making continuing efforts to maintain public order, established an Emergency Earthquake Damage Relief Bureau under the leadership of the Prime Minister, striving to provide food and other necessary supplies to the victims of the disaster.

Furthermore, the government immediately put recovery plans in hand, and in December 1923, an emergency reconstruction budget of around 470 million yen was established. The final budget for reconstruction costs increased to about 630 million yen, and was implemented for 6 years of

continuing work from 1923. If the amounts contributed independently by local governments are added in, the total reconstruction budget amounted to about 820 million yen, about 50% of the national budget at the time, constituting a major contribution to the reconstruction of the cities of Tokyo and Yokohama.¹⁰

Looking at the situation from another perspective, occurring as it did when Japan was already in a recession, the earthquake dealt a major blow to the Japanese economy. Massive sums of money were required to finance emergency measures to counter the earthquake damage, reconstruction projects, and policies to counter the depression, with the result that country's finances fell into very severe straits.

3 The development of party politics and the expansion of the electoral franchise

3.1 The development of party politics and local administration

(1) The development of party politics – the cabinet of Hara Takashi

The first Japanese government formed as a result of party politics was the Cabinet of Ohkuma Shigenobu in 1898, but it collapsed after only 4 months. It was followed by cabinets centered on bureaucrats, and in 1912 the “First Movement to Protect the Constitution” was formed with the aim of overcoming politics dominated by clans (bureaucrats). In 1916 Dr. Yoshino Sakuzo advocated “Democracy” (Minpon-shugi in Japanese), emphasizing politics for common people, and it was in 1918 that the Terauchi Masatake Cabinet took responsibility for the rice riots of the time and resigned en masse. With the exception of the Minister for the Army, the Minister for the Navy, and the Minister for Foreign Affairs, all the cabinet ministers belonged to a political party (the Seiyukai), and on this foundation, a cabinet that was genuinely party-based, was formed under the premiership of Hara Takashi. The extension of voting rights for the election of the House of Representatives was realized by the Hara Cabinet, but it lost the confidence of the people and became the target of their criticism as a result of corruption incidents. In 1921, Prime Minister Hara was assassinated in front of Tokyo Station, and he was succeeded by a party-based government under the leadership of Takahashi Korekiyo. In the following year, the Takahashi Cabinet resigned en masse as a result of disunity in the cabinet.

The succeeding cabinets were formed of bureaucrats and aristocratic diet members. In opposition to this, the “Second Movement to Protect the Constitution” was formed and gained in popularity. The central concept emphasized in the movement was that a cabinet should be composed of political parties and should reflect the results of an election in which political parties had competed. A further strong demand was that a popular election should be implemented on the basis of the electoral franchise given to all adult males, irrespective of whether or not they paid tax. In the 1924 general election, a large victory was gained by the

three parties that supported the Constitutional protection movement, particularly the Kenseikai and the Seiyukai, and a party-based cabinet was formed under the premiership of Kato Takaaki, who was a member of the Kenseikai. Subsequently, up to the time of the May 15 incident of 1932, a party-based cabinet system continued, with the leading party in the government forming the cabinet.

(2) The party-based personnel appointments and actual state of administrative operations

Within the broad framework of the development of party politics, what were termed party-based personnel appointments also took place. When the party-based cabinet of Prime Minister Ohkuma was formed in 1898, the executive-level posts in each Ministry, such as the posts of Vice Minister or bureau director-general, were to a very large extent filled by party appointees. However, when it became apparent that the use of the “spoils system” or patronage system to reward the party faithful was subject to abuse, a reformed system was adopted in 1899 in the cabinet of Prime Minister Yamagata, whereby executive-level posts within each Ministry were limited to people who had been successful in passing the higher grade civil service examination.

In 1906, when Hara Takashi, a member of the Seiyukai party, was appointed Minister of the Interior, a complete reform was undertaken of the personnel appointments of Local Chiefs (governors) as well as those of the posts of Vice Minister and bureau director-general, with a view to obtaining full control of the organization. Subsequently, in the Ohkuma Cabinet formed in 1914, with a view to dealing a blow to the power of the Seiyukai, almost all the posts of governor in the prefectures of Japan were changed within the space of about one year. Moreover, when the Ohkuma Cabinet was replaced after one year by the Terauchi Cabinet, the personnel appointments of the previous cabinet were overturned, and once again there was a major reshuffle of prefectural governors.

The trend toward party-based personnel appointments became more and more pronounced with the formation of a full-scale party-based cabinet under Hara Takashi in 1918. For example, in the cabinet formed under the premiership of Tanaka Giichi in 1927, a total of 75 prefectural governors changed in 43 Japanese prefectures.¹¹

The position of governor was regarded as one of importance, and the power of appointment and dismissal was implemented through the medium of a Cabinet meeting. The status of the governor was one which, with the exception of special matters, implemented matters within the governor’s jurisdiction as an organ of the central government, and held the position of implementing the business of the prefecture (“fu” and “ken”) as a local autonomous body on the basis of the prefectural system.

With more specific reference to the duties of a local autonomous body such as the budget and bylaws, the authority of the governor was limited by the prefectural assembly in respect of matters for which the consent of the assembly was required. With regard to duties undertaken by the governor as an organ of the central government, matters prescribed by law were technically outside the authority of the prefectural assembly, but in practice, because the expenses involved in these matters fell within the framework of the prefectural budget, they were normally the subject of debate by the prefectural assembly. It followed that obtaining the cooperation of the assembly was a very important point for the governor in terms of the execution of work.

Furthermore, because much of the prefectural administration and business was handled on the basis of cooperation with municipalities (cities, towns and villages), it followed that maintaining a cooperative relationship with municipalities was also important for prefectures. From the point of view of the municipalities too, maintaining good relations with the prefecture (the governor and each department and division) was vitally important, because the prefecture was the possessor of supervisory authority, and a lot of information from the central government was, transmitted by the prefecture. It was against this kind of background that on the one hand, a conference of mayors of municipalities within a prefecture's jurisdiction would be held by the prefecture or inspection visits to such municipalities carried out by the governor, and that on the other hand, the mayor of a municipality would make visits to the prefectural office in order to convey information to the governor or to a particular department or division.

Looking at the status of the position of governor, as a central government official, the status was subordinate to that of the Minister of the Interior, and the duties, seen as those of an organ of central government administration, were carried out at the behest of the Minister of the Interior and/or the ministers of other government ministries. Furthermore, the duties carried out by a prefecture as those of a local autonomous body, were implemented under central government control, and were subject to the prefecture following the central government's verbal or written directions, so in short, the autonomy of prefectures was subject to control and restrictions.

3.2 Reform of the election system

(1) Reappraisal of the election system – reform of the system of prefectures, the system of cities, and the system of towns and villages

The City, Town and Village Systems established in 1888 underwent a full-scale revision in April 1911, and two laws were enacted concerning the system of cities and the system of towns and villages respectively. Particular note should be taken of the fact that members of the assemblies both of cities and of towns and villages were all to be elected every 4 years instead of half the members being elected every 3 years. A further revision was that the set number of

members of city assemblies was increased in line with the size of the population. For example, the number of members was set at 30 people for a city with a population of less than 50,000 people, and for a population between 300,000 and 500,000 people, the number of members would be 45 plus 3 for every additional 100,000 people over 300,000. Furthermore, the existing plural ballot system was changed into a single ballot system.

In April 1914, the prefectural system was reformed; specifically, the electoral system of prefectural assembly members was reformed so that, for example, it was no longer necessary to obtain permission to fix the set number of assembly members by electoral district.

According to the revision of the Law for the Election of Members of the House of Representatives in 1919, the minimum amount of the national tax payment required to be made prior to obtaining the franchise was reduced from 10 yen to 3 yen. Following this revision, the election system for cities and for towns and villages was revised in April 1921 to expand the voting rights for the election of members to the assemblies of cities, towns and villages. Furthermore, in April 1922, the prefectural election system was revised; the requirement relating to the payment of national tax as a condition for obtaining the right to vote and stand for election of prefectural assembly members was relaxed.

(2) The enactment of the Popular Election Law and the introduction of universal suffrage into local elections

Within the broad context of taking forward the kind of reforms of the electoral system outlined above, the Kato Cabinet, consisting of the 3 parties dedicated to the defense of the Constitution, introduced to the Diet (the Imperial Diet, hereafter referred to as the Diet), in accordance with its public promise, a revision of the Law for the Election of Members of the House of Representatives, the content of which aimed to implement universal suffrage. The law passed through the Diet in April 1925, and was promulgated in May of the same year. Under the revised law, suffrage was extended to all adult males aged 25 or over. The result was that the number of eligible voters increased to a total of 12.4 million persons, 4 times the existing figure.¹² However, suffrage was not extended to women, who were still left without voting rights. The first election after suffrage had been extended was held in February 1928.

At the same time as implementing universal national suffrage as defined above, the government also set out to introduce universal suffrage into local elections by means of revisions in 1926 of the laws for the City System, and the Town and Village System, and of the law for the Prefectural System. Under the revision, the obligation to be a municipal taxpayer in order to be regarded as a citizen eligible to vote was abolished, and suffrage was extended to all adult males aged 25 or over. The eligibility to stand for election to local assemblies was also expanded, and at the same time, the ranking election system of city assembly was abolished. In

the ranking election system, eligible electors were divided into 2 or 3 voting categories according to the amount of tax they paid, and electors of each voting category elected the same number of assembly members separately. Problems arose with this system because the votes of those who were ranked in the higher category carried more weight. In the prefectural system too, reforms were carried out in the same way as in towns and villages; citizens were given the franchise, and the hitherto existing tax payment requirement was abolished.

The draft bills setting out reforms to the system of cities, towns and villages, and prefectures, were submitted to the Diet in February 1926, where they were all approved and were promulgated in June 1926. In September of the same year, the assembly members of Hamamatsu City were elected by means of a Popular Election, and in the autumn of 1927, prefectural assembly members were elected, also by means of a Popular Election, in 39 prefectures of Japan.¹³

3.3 Movements to clean up elections and city politics

(1) Movements to clean up politics

It was in the 12th general election, held in 1915, that noticeable election problems arose, including charges of interference in the election process, bribery, and so on. These problems could also be seen in other elections. Against this background, and in a context in which movements to protect the Constitution were becoming increasingly popular, it became possible to identify movements aimed at improving a corrupt situation, cleaning up elections, and enforcing electoral discipline. For example, in the general election of 1924, there was a candidate who advocated the promotion of electoral discipline movements. And in the following year, 1925, an organization was established with the objective of cleaning up the political world.

In April 1926, the former Minister of the Interior, Goto Shinpei, confirmed his stance in political ethics, emphasizing the implementation of a Popular Election System, and delivered a speech advocating the necessity of a citizens' movement aimed at abolishing corruption in elections. The speech was published, and copies were given to people in every part of Japan. Goto Shinpei also made efforts to help organizations having the objective of enforcing electoral discipline. As a result, 89 organizations were established by April 1927, and the membership reached a total of 250,000.¹⁴

It should also be noted that at the beginning of 1927, on the occasion for the first time of the election of prefectural assembly members by means of a Popular Election, the government sent observers to each district of Japan, and the opposition party, Minseito, also dispatched large numbers of election interference observers to all parts of Japan.

(2) Movements to clean up city politics

Citizens' movements aimed at cleaning up corruption in city politics also developed in the

cities of Tokyo and Osaka. In Osaka, a movement to clean up city politics was started by citizen volunteers in 1909, and in the election of city assembly members in June of the following year, candidates from a citizens' group promoting clean politics gained a sweeping victory, winning 28 out of the 34 available seats.

In the city of Tokyo too, organizations were formed at the beginning of the 1920s with the aim of cleaning up the electoral process, and movements to get rid of corruption in city politics developed. The Clean Up City Politics Group put up 5 candidates for the election of city assembly members in 1922, advocating an ideal election, and of its candidates, 2 were elected. In 1928, with the arrest of a large number of city assembly members on corruption charges acting as a trigger, a Council with the objective of cleaning up city politics was formed. At the end of that year, 1928, the Minister of the Interior ordered the dissolution of the Tokyo City assembly, and elections were implemented to elect city assembly members. On that occasion, out of 243 candidates, 50 were supported by the Council referred to above as being top-rate candidates. In an environment in which many different kinds of organizations implemented movements to rid politics of corruption, taking the form of street-based enlightenment campaigns etc., 36 of the 50 candidates were elected.

4 The development and strengthening of the local autonomy system

4.1 Reform of the local autonomy system

(1) Full-scale reform in 1911 of the city and of the town and village system

In March 1911, reform bills for the system of cities and that of towns and villages were presented to the Diet, where they were approved after partial amendment, and promulgated in April 1911. Through the reforms, the 1888 Law for the City System and the Town and Village System was annulled, and the main points that emerged in the new system of cities and that of towns and villages are as listed below.

1) As already stated above, reforms were carried out regarding the tenure of members of assemblies of cities, towns and villages, the set number of members, and election procedures.

2) Aiming at a smooth implementation of duties and clarification of responsibility, the city council, which had previously acted as the executive organ of the city, was reorganized as the organ to make resolutions, and all executive power was vested only in the Chief of the city (=mayor). (In towns and villages, all executive authority had been given to the mayor before 1911, and this system was continued after the reform of 1911). In this way, an organizational structure consisting of a mayor, deputy mayor, and honorary city council members (usually 6) was constituted. The council had the authority of a subsidiary decision-making organ, and was consequently empowered i) to decide on an item which had been mandated by the assembly, and ii) to express an opinion on an item which was proposed by the mayor.

3) The term of office of the mayor and the deputy mayor of a city was changed from 6 years to 4 years, making it the same as that of the mayor of a town or village. Furthermore, reforms were carried out concerning the function of a city, town or village as an executive organ. Specifically, i) the position of the mayor vis-à-vis the assembly of a city, town or village was strengthened; ii) the role of the mayor of a city, town or village as an organ executing the duties of the central government was clarified; and iii) a system of honorary city counselors, charged with responsibility for special projects concerned with the management of a city, was created.

(2) Subsequent reform of the system of local autonomy

By means of reform of the prefectural system carried out in April 1914, the existing election system was re-evaluated, and reforms such as the following were carried out: i) the set number of honorary council members was increased; and ii) the consent of the Minister of the Interior to such matters as the establishment of a special account was made unnecessary. In April 1918, the law for the county system was revised in the form of the addition of a provision enabling a request for the opening of county assemblies to be made.

In April 1921, in addition to the expansion of the electoral franchise in a reform of the systems of municipalities (cities, towns and villages), a system of towns and villages was also established in Okinawa. And in April 1922, in a reform of the prefectural system, the electoral franchise was expanded in the same way as had already been done for cities, towns and villages, and approval of the Minister of the Interior was made unnecessary for such matters as the establishment of or changes to fees (procedural handling charges). In the same month, April 1922, by a reform of the city system, a system of cities in Hokkaido was implemented.

Moving on in time, in the reforms of the city system and of the town and village system in June 1926, as well as reforms concerning the popular election system, the following reforms aimed at expansion of local autonomy rights were also implemented: i) the appointment of the mayor of a city, town or village was made dependent on election by the assembly of the municipality concerned, and official approval by the Minister of the Interior or by the prefectural governor was no longer required; ii) permission regarding the location, or change of location, of the city hall was no longer required; and iii) permission was no longer required to establish a city, town or village association.

In addition, in the context of reforms in June 1926 of the prefectural system, the election system was reformed in the form of expansion of the electoral franchise, and as well as this, reforms aimed at strengthening local autonomy rights were also implemented, such as making it unnecessary to obtain the permission of the Minister of the Interior for such matters as establishing prefectural regulations or disposing of fixed assets.

4.2 Abolition of the county system and county offices

(1) Enactment of the Bill to Abolish the County System

The county, as an entity encompassing towns and villages below the level of the prefecture was created as a local autonomous body by the promulgation of the county system in 1890, and by 1920, there were 540 counties in all.¹⁵ However, it became obvious that prefectures were having difficulties in implementing the county system, and from the beginning, their foundation as autonomous bodies was weak. The following were adduced as reasons why the county system should be abolished: i) counties have no visible work (role)¹⁶; ii) counties have only a short history, and people have a weak awareness of their autonomy and independence; and iii) their abolition will contribute to the development of towns and villages.

In this kind of context, a bill proposing the abolition of the county system was presented to the Diet in 1904 and 1906, but on both occasions, failed to pass beyond the deliberation stage. In 1907, a draft abolition bill was presented to the Diet again, but even though it passed the House of Representatives, it was rejected by the House of Peers. Subsequently, the House of Peers continued its strong resistance to the bill, making adoption of the bill very difficult, but at last, in 1921, the bill passed through the Diet, and the Law concerning the Abolition of the County System was promulgated in April of that year.

(2) The abolition of the county system and the closure of county offices

From the autumn of 1919, the Ministry of the Interior had been making investigations in preparation for the abolition of the county system, and at the Governors' Conference in May 1921, following enactment of the above law, specific directions were given in terms of responding to the effects of the abolition of counties, such as the avoidance of any new projects by counties or the transference of existing project activities from counties to prefectures. Furthermore, in November 1922, an Imperial edict was issued, covering procedural matters at the time of abolition of the county system, etc.

Specifically, the Imperial edict of March 1923 stipulated that the county system was to be abolished as of April 1, 1923. As a result, counties ceased to function as local autonomous bodies, counties all over Japan became nothing more than administrative areas, and the Chiefs of counties along with county offices were reduced to the status of local administrative organs of the central government.

Moreover, according to an Imperial edict of June 1926, a complete reform of the local official (office) system was carried out, with the result that county Chiefs and county offices were abolished as from July 1. As a result of this measure, counties became no more than a geographical designation. As reasons for abolishing county Chiefs and offices, the following were adduced: i) the need to ensure the healthy development of town and village autonomy; ii)

the need for efficient administrative operations; and iii) the need to reduce the burden on the people. Taking into account the continuing opposition of the House of Peers to the abolition of the system of county Chiefs and county offices, the government set up a system of local offices and local branch offices, establishing 25 local offices throughout the country.¹⁷

4.3 The local autonomy system reform in 1929– expansion of local autonomy

In April 1927, when the Wakatsuki Cabinet led by the Kenseikai collapsed as a result of the financial panic, a new cabinet was formed by the Seiyukai under Prime Minister Tanaka Giichi. On this occasion, the Seiyukai made a public promise to proceed with decentralization, and asserted matters such as the public election of prefectural governors, and the transfer of land tax and business tax to local tax revenue became central points for debate.

Against this kind of background, the government submitted to the Diet in January 1929, draft bills comprising a partial revision of the system of prefectures as well as the systems of cities, towns and villages. According to the explanation given to the House of Representatives by Minister of the Interior, Mochizuki, the main points aimed at by the proposed measures were as follows: i) to expand the scope of the rights of local autonomous bodies in such ways as recognizing the right of assembly members to submit draft bills; ii) to relax the administrative supervision of local autonomous bodies by central government in order to guarantee the confirmation of local autonomy; and iii) to establish mechanisms pertaining to the composition of local autonomous bodies and administrative management, with a view to facilitating the smooth operation of the said bodies.

The bills referred to here, comprising partial revisions of the systems of prefectures as well as of cities, towns and villages, all passed through the Diet and were promulgated in April 1919. The main points of the reforms are as listed below.

1) From the perspective of expanding local autonomy rights, reforms were implemented covering the following points: 1) authority was given to prefectures, in the same way as to municipalities, to enact bylaws and ordinances; ii) the right of the Minister of the Interior to reduce prefectural budgets was abolished; and iii) the scope of the items for which the permission of the Minister of the Interior was required was reduced.

2) From the perspective of strengthening the rights of local assemblies, reforms were implemented covering the following points: i) the right was given to assembly members to submit bills (with the exception of bills on budgetary matters); ii) the scope for the submission of written opinions on matters of public interest was expanded; iii) restrictions were put on the rights of prefectural governors and municipal mayors to execute draft bills; and iv) the right of prefectural governors to discontinue prefectural assemblies was abolished.

In addition to the above, reforms were carried out concerning the expansion of the authority

of executive organs enabling i) part of the authority of assemblies to be entrusted to prefectural governors and municipal mayors, and ii) the term of an assembly to be extended by a prefectural governor or a municipal mayor.

From the 1920s, when party-centered cabinets were formed, into the early 1930s, both the Kenseikai and the Seiyukai, i.e. both the main political parties, adopted a positive stance vis-à-vis the expansion of local autonomy and decentralization. Against this kind of background, reforms were carried out in such forms as the implementation of Popular Elections under the Kenseikai Cabinet of 1926, and decentralization reforms (expansion of local autonomy) under the Seiyukai Cabinet of 1929.

5 The expansion and development of local finances

5.1 Expansion of the scale of local finance

(1) Changes in the scale of expenditure of local bodies

Expenditure by local bodies increased very substantially following the Russo-Japanese War (1904-05), rising from 137 million yen in 1905 to twice that amount in 1909.¹⁸ In subsequent years too, as can be seen in Table 1, local expenditures increased, but the result of austerity policies and administrative and financial rationalization on the part of the government was minus growth in expenditure in fiscal 1912, 1913 and 1915. However, the economy expanded as a result of the outbreak of World War I (1914-1918), and from fiscal 1916 on, local expenditures once again increased, with growth rates exceeding 30% from fiscal 1918 to 1920. In later years too, the increase in local expenditures continued, reaching 1.3 billion yen in fiscal 1922. In the following year, 1923, however, in the deepening recession symbolized by the fall in share prices, local expenditures decreased by 2.6%, but then, following the Great Kanto Earthquake of September 1923, once again took a turn for the better with an increase in expenditures. Subsequently too, the expenditures of local bodies continued to increase, showing a growth rate of more than 20% of fiscal 1927. However, with the outbreak of financial panic in 1927, the following years, 1928 and 1929, both showed a decrease in expenditures.

(2) Expansion of the expenditure scale of local bodies

Within the broad framework of the ups and downs described here, the expenditure scale of local bodies increased 6.4 times, from 272 million yen in 1909 to 1,738 million yen in 1929. During the same period, national expenditures increased more than 3 times, but local expenditures far surpassed these. As a result, the proportion of the expenditure settlement figure of local bodies increased substantially in comparison to the settlement figure of central government general accounts, from 0.5 in fiscal 1909 to 1.0 in fiscal 1929.¹⁹

During this same period that we are now discussing, the cost of living also underwent a large

increase. For example, if we look at the price of rice, we find that it fell by 30% in the early part of the Showa era (1926-1929), but at the end of the Meiji era (1910 – 1911), it rose by 31%, and rose very sharply, by 140%, during the Taisho era (1912 – 1925) (refer to Table 1 for further details). However, the rise in the scale of local body expenditures far exceeded the rise in the cost of living shown here. In the background to this rise in local expenditures are the factors set out in Chapter 1 of this paper, namely the increase in administrative duties that accompanied the enactment of various laws and regulations, so that as a consequence, local bodies had to carry out new, increased duties covering a very wide range.

5.2 The structure of revenue and expenditure of local bodies

(1) Changes in the revenue structure of local bodies

If we turn now to look at the revenue of local body during this period (fiscal 1909 – fiscal 1929) in the history of local autonomy in Japan, we can see from Table 2 “Changes in the Revenue Structure of Local Bodies” that the main items composing the revenue are as follows: local taxation (broadly speaking): 35%~50%; disbursements (subsidies) from the national treasury: 5~10%; local (government) loans: 10~20%; and rents and fees (usage and handling charges): 2~10%. The percentage contributed by local taxation decreased gradually during the period in question, while in contrast, the percentages contributed by national treasury disbursements and by rents and fees tended to increase. Specifically, the national treasury disbursements increased from 4.7% in 1909 to 10.1% in 1929, marking a very significant increase. Furthermore, there was a sudden increase, in excess of 20%, in local loans at the end of the Meiji era (fiscal 1909) as a result of the increase of local loans for local public enterprises such as the local loan for the acquisition by Tokyo City of the streetcar service; this figure decreased to 8% by fiscal 1914, but thereafter, again showed a tendency to rise.

Table 2 Changes in the Revenue Structure of Local Bodies

(Unit: 10 thousand yen, %)

Fiscal year	Total revenues	Local taxes	National treasury disbursements	Local (government) loans	Rents and fees	Property revenues	Amounts carried over from the previous year	Others
1889	4,274	68.7	10.2	0.8	0.1	1.0	6.2	13.0
1909	34,026	48.2	4.7	22.7	1.7	2.4	9.1	11.1
1914	37,456	50.8	6.5	8.0	7.7	2.0	12.8	12.1
1919	82,184	49.1	6.2	9.8	7.6	2.6	11.6	13.1
1924	163,880	38.3	8.6	13.1	10.3	1.6	17.3	10.7
1929	198,378	34.1	10.1	15.4	11.9	1.5	14.0	13.0

[Source]

Produced by the author using data from "Hundred-year history of local autonomy, Vol. 3" (Editorial Committee for the Hundred-Year History of Local Autonomy, ed.)"documentary section"

A comparison of the figures shown here with those from the middle of the Meiji era (fiscal 1889) makes it clear that while the percentage of the contribution from local taxation, which was nearly 70% in fiscal 1889, greatly decreased, on the other hand, local loans, which in earlier times made up less than 1% of income, and rents and fees both greatly increased. Moreover, looking more closely at the revenue of local bodies at the present time, compared with earlier times, the percentage contribution of local tax was about the same, or showed a tendency to be somewhat high until the 1910s. On the other hand, the percentage contribution of national treasury disbursements was a little low, but in contrast to this, the percentage contribution level of rents and fees became significantly higher.²⁰

(2) Changes in the expenditure structure of local bodies

If we look next at Table 3 “Changes in the Expenditure Structure of Local Bodies” and try to draw comparisons regarding the expenditure of local bodies in the period we are considering, we can say that education expenses were the biggest (23~30%), followed by public works (= construction) expenses (14~20%) and public debt payments (6~16%). Other significant expenditures were sanitation(public health and hygiene) (3~7%), police (including the fire service) (4~6%), and the industry and economy (3~5%). During the latter part of our period (fiscal 1924 and fiscal 1929), there was an increase in the public debt payments, reflecting an increase of local loans.

Table 3 Changes in the Expenditure Structure of Local Bodies

(Unit: 10 thousand yen, %)

Fiscal year	Total expenditures	Social works expenses	Sanitation expenses	Expenses related to industry & the economy	Public works expenses	Police expenses	Educational expenses	Public debt payments	Others
1889	3,939	0.2	2.0	0.9	31.6	11.8	17.5	0.3	35.7
1909	27,228	0.2	3.5	4.2	14.9	5.4	29.3	12.5	30.0
1914	32,763	0.5	6.7	4.1	19.1	5.2	23.5	9.9	31.0
1919	66,258	2.3	6.4	4.3	14.4	5.8	27.4	6.2	33.2
1924	132,769	1.2	6.7	3.9	17.9	5.4	28.3	9.7	26.9
1929	173,778	1.1	7.0	4.4	15.9	4.9	25.7	15.7	25.3

[Source]

Produced by the author using data from "Hundred-year history of local autonomy, Vol. 3" (Editorial Committee for the Hundred-Year History of Local Autonomy, ed.) "documentary section"

Comparing expenditures with those of the mid-Meiji era (fiscal 1889), we can say that whereas the proportion taken up by public works expenses at more than 10%, and by police expenses at 6~7% showed a downward trend, while the proportion taken up by education expenses, at around 10%, showed a rise. It should also be noted that sanitation expenses, which were around 2% in the middle of the Meiji era, showed an increase. An increase could also be

seen in public debt payments and industry and economic expenses, which were previously almost non-existent. Comparing the structure of expenditure with the present day, expenditures on public welfare and labor-related costs were very small, but as social and labor-related legislation was enacted and welfare arrangements were put in place, social work (public welfare and labor) expenses increased, from a figure of 530,000 yen in 1909 to 16 million yen in 1924, a figure which was in excess of 1% of all local expenditures.²¹

5.3 Revenue and expenditure by type of local body

(1) The scale of expenditures in prefectures, in cities, and in towns and villages

As shown in Table 4 “Changes in Expenditure by Type of Local Body” the breakdown of expenditures by type of local body in the period that we are concerned with is, broadly speaking, one where prefectures account for 30%, cities for 25~40%, towns and villages for 30~40%, and counties for 3%.

Table 4 Changes in Expenditure by Type of Local Body

(Unit: %)

Fiscal Year	Ratio (Breakdown) of Expenditure by Type of Local Body					Ratio of Local Expenditure to Central Government Expenditure
	Prefectures	Counties	Cities	Towns / Villages	Irrigation Associations	
1989	54.9	—	4.0	41.1	—	49.2
1909	27.1	2.9	27.2	41.2	1.5	50.6
1914	31.2	3.2	25.3	38.0	2.2	50.5
1919	29.5	3.2	26.7	38.8	1.5	56.5
1924	31.2	—	34.0	33.0	1.8	81.7
1929	28.2	—	40.0	30.5	1.3	100.1

[Source]

Produced by the author using data from "Overview of local finances" (Ministry of the Interior, Local Affairs Bureau, ed.) and "Hundred-year history of local autonomy, Vol. 1" (Editorial Committee for the Hundred-Year History of Local Autonomy, ed.)

Comparing these figures with those for the middle of the Meiji era (fiscal 1889), the percentage for prefectures, which had stood at more than 50%, showed a large drop, while that for cities, which had been below 5%, showed a large increase. As reasons for the increase accounted for by cities, the following points can be made: i) the number of cities increased from 39 in 1889 to 61 in 1908, 91 in 1922, and 109 in 1930; and ii) public enterprise projects were enthusiastically developed by large cities during this period.²²

Furthermore, looking at the composition percentages of expenditures in different types of local body from a different angle, at the closure of accounts for fiscal 2007, prefectures accounted for about 50%, cities for about 43%, and towns and villages for about 7%. Compared

to these figures, in the period from the early 1910s into the 1920s, the figure for prefectures was low, at about 20%, while the figure for towns and villages, at 20~30%, became higher.

(2) The structure of revenue and expenditure in prefectures, cities, and towns and villages

As can be seen from Table 5 “Revenue and Expenditure of Prefectures (fiscal 1919)” and Table 6 “Revenue and Expenditure of Cities, Towns and Villages (fiscal 1919)” around the middle of the Taisho era (fiscal 1919), the structure of revenue in prefectures, towns and villages was such that taxation income was high, at about 60%, while on the other hand, income from local loans and from national treasury disbursements was low, failing to reach 10%. The proportion occupied by local taxation in particular was relatively large compared to the figure of 30~45% taken up by local taxation in the revenue of prefectures, cities, towns and villages today. It is clear from this that local taxation constituted an extremely important source of revenue for prefectures, and towns and villages at the time we are examining.

In contrast to the above, specifically in cities, the proportion of income from rents and fees (usage and handling charges), and from local loans was high, while the proportion derived from local taxation had become low, at around 20%. If we look at the settled accounts for revenue and expenditure for cities at the time in question, we find that the amount of settled accounts for what were known as the 6 large cities, including Tokyo and Osaka, takes nearly 80% of the total.²³ It should also be noted that revenue and expenditure for public enterprises such as gas and electricity work in the large cities referred to here were included in the figure for the settlement of accounts at the time in question. It can also be said that it is because of such enterprises that relatively high weight is put in the settlement of accounts figure for cities on rents and fees and on public loans. (A further point is that revenue and expenditure concerned with such enterprises was subsequently separated from and classified differently from general revenue and expenditure (ordinary account settlement)).

Turning to the structure of expenditure by type of local body, in the case of prefectures, the largest proportion of expenditure, in excess of 25%, is taken up by public works (= construction) expenses, followed, with relatively high proportions, by policing and then by educational expenditures. In the case of cities, towns and villages, the proportion taken up by public works costs is around 7~9%, showing that public works administration in local public bodies was centered mainly on prefectures.

Table 5 Revenue and Expenditure of Prefectures (fiscal 1919)

(Unit: 10 thousand yen, %)

Revenue			Expenditure		
Items	Amount	Ratio	Items	Amount	Ratio
Prefectural taxes	14,527	58.3	Social works expenses	1,066	5.4
National treasury disbursements	1,880	7.6	Sanitation expenses	571	2.9
Prefectural loans	2,327	9.3	Expenses related to industry & the economy	1,869	9.6
Amount brought forward from previous year	3,268	13.1	Public works expenses	5,191	26.5
Others	2,905	11.7	Police expenses	3,820	19.5
			Educational expenses	3,006	15.4
			Public debt payments	877	4.5
			Others	3,170	16.2
Total	24,907	100.0	Total	19,570	100.0

[Source]

Produced by the author using data from "Annual statistics for the Japanese empire" (Cabinet Statistics Bureau, ed.) and "Overview of local finances" (Ministry of the Interior, Local Affairs Bureau, ed.)

Table 6 Revenue and Expenditure of Cities, Towns and Villages (fiscal 1919)

(Unit: 10 thousand yen, %)

Items	Revenue & Expenditure of Cities		Revenue & Expenditure of Towns and Villages		Total of Cities, Towns and Villages	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenue						
Local taxes	5,347	21.6	18,331	63.4	23,678	44.2
National treasury disbursements	532	2.2	1,331	4.6	1,863	3.5
Prefectural disbursements	176	0.7	985	3.4	1,161	2.2
Local (government) loans	4,288	17.3	1,211	4.2	5,499	10.3
Rents and fees	5,683	23.0	556	1.9	6,239	11.6
Property revenue	802	3.2	1,102	3.8	1,904	3.6
Amounts brought forward from previous year	3,910	15.8	1,909	6.6	5,819	10.9
Others	3,992	16.1	3,468	12.0	7,460	13.9
Total	24,730	100.0	28,893	100.0	53,623	100.0
Expenditure						
Social works expenses	388	2.2	55	0.2	443	1.0
Sanitation expenses	2,597	14.6	1,004	3.9	3,601	8.3
Expenses related to industry & the economy	142	0.8	379	1.5	521	1.2
Public works expenses	1,278	7.2	2,191	8.5	3,469	8.0
Educational expenses	3,351	18.8	11,361	44.1	14,712	33.8
Public debt payments	2,669	15.0	377	1.5	3,046	7.0
Electricity & gas service expenses	3,865	21.7	99	0.4	3,964	9.1
Town & Village office expenses	1,471	8.2	4,694	18.2	6,165	14.1
Others	2,076	11.6	5,580	21.7	7,656	17.6
Total	17,837	100.0	25,740	100.0	43,577	100.0

[Source]

Produced by the author using data from "Annual statistics for the Japanese empire" (Cabinet Statistics Bureau, ed.) and "Overview of local finances" (Ministry of the Interior, Local Affairs Bureau, ed.)

In the case of cities in particular, the proportion of expenditures on electricity and gas-related enterprises is high, followed by that of educational expenditures. Both figures are around 20%, while the weight put on public debt and on sanitation makes their costs exceed 10% respectively. These figures show that i) publicly managed enterprises such as gas and electricity-related projects were being enthusiastically implemented by cities; and ii) the implementation of public health and sanitation projects were centered on cities in response to the laws and regulations described in Chapter 1 of this paper.

On the other hand, in towns and villages, education expenditure ranks highest with 44%, followed by office costs at 18%. With regard to the former item, as will be explained later, educational expenditures were a very heavy burden on town and village finances, so that the Law of State Liability of Municipal Compulsory Education Expenditure was enacted in 1918. And with regard to the latter item, the proportion taken up by office expenditure decreased over time, but as can be seen from Table 6, the proportion taken up by this item is large compared to that of the city because the overall scale of town and village is small.

5.4 Reform of the local financial system

(1) Enactment of the Law of the State Liability of Municipal Compulsory Education Expenditure

Accompanying the rise in the attendance rate in elementary schools, educational expenditures also increased, creating financial problems for municipalities. It is in this context that demands had been made, even before 1900, for subsidies to be granted from the national treasury toward the cost of compulsory education. A form of subsidy for such expenses had long been in existence, but priority in the national budget was given to other expenses such as military expenses, and the amount of the subsidy was very small indeed in relation to the enormous burden placed on municipalities. For example, in fiscal 1912, the expenditure on municipal (city, town and village) schools rose to 58 million yen, but the subsidy granted was only 2 million yen.²⁴

However, in the Cabinet formed in 1917, an Extraordinary Educational Conference was convoked, and on the basis of the report issued by this Conference, the Law of the State Liability of Municipal Compulsory Education Expenditure was promulgated in March 1918. Under this law, the joint responsibility of the central government and local bodies for compulsory education was clearly established, and the national treasury obligatory share increased remarkably to 10 million yen. In 1923 the said share rose to 40 million yen, and from fiscal 1927, rose again to 75 million yen a year. As a result, just under 30% of educational expenditures in the municipal budget, or about 50% of teachers' salaries, were paid by an obligatory share from the national treasury.

Looking more closely at the distribution of this obligatory share, it was stipulated as a principle in the law referred to above that about 10% of it should be used as an additional grant to towns and villages whose finances were in a straitened condition, and this had the effect of adjusting the relative financial situation of municipalities. Under the revision of the law implemented in 1923, this adjustment function was further strengthened. According to calculations based on the budget for fiscal 1928, within the overall framework of municipal educational expenditures, the proportion of compulsory education costs supported by the obligatory share was 37% in the case of those towns and villages that received an additional grant because of their straitened circumstances, 29% in the case of general towns and villages, and 11% in the case of general cities.

(2) Other reforms of the local financial system

In April 1919, the City Planning Law was promulgated, and took effect from January of the following year. According to the provisions of the law, authority was given to levy a “special city planning tax”. Against this background, and with the trigger provided by recovery projects after the Great Kanto Earthquake, city planning projects developed significantly. As explained in Chapter 1, in addition to the 6 large cities of Japan, it was extended in the 1920s to more than 40 additional cities, marking a significant expansion of its application.

In April 1919, the Road Law was enacted, and road improvement plans were drawn up. In August 1920, the Public Loans for Road Improvement Law was enacted, and projects were planned that relied completely on loans as their source of funding. Specifically, 282.8 million yen were invested in national costs, and plans were made for improvements to more than 2,400 km of national and prefectural roads. Some of the improvement projects were run directly by the national government, but most were implemented by prefectures with the help of national subsidies. The implementation of the projects continued until fiscal 1922, but as a result of the impact of the Great Kanto Earthquake, the amount expended on the projects was compressed, and general revenue sources came to be used as a source of national funding in place of public loans.

A further point is that as explained in Chapter 1, from the 1910s into the 1920s, a wide range of laws and regulations was established as socio-economic development moved forward. As a consequence of this, the duties that had to be undertaken by local bodies increased, and expenditures by local bodies also expanded. Against this framework, a system of national treasury subsidies for medical expenses was established, and permission was granted for local loans for unemployment relief. In ways such as these, various devices were created with the aim of providing a fresh source of local revenue. However, the other aspect of the situation is that it cannot necessarily be maintained that local bodies were able to secure sufficient sources of

revenue.

Moreover, the accounting system used at this time in 7 prefectures, including those housing large cities such as Tokyo and Osaka, was what was known as a “tripartite economic system”, whereby the budget was divided into three parts, namely the city area budget, the county area budget, and the budget covering the whole of the prefecture. However, as time went on, cities expanded, and the surrounding areas became urbanized, and as a result, criticisms were made that the system resulted in inequalities. As a result, the tripartite economic system was abolished by Osaka in 1925, and subsequently by other prefectures as well.

5.5 The development of publicly managed enterprises

(1) Water supply enterprises

As already pointed out in Chapter 1, the first piped modern water supply was established in Yokohama in 1887, and subsequently, water supplies were also established in Hakodate, Nagasaki, Tokyo, Kobe and elsewhere, so that by 1911, more than 20 supply projects had been established in 17 prefectures.

With the advent of the 1910s, the population increased rapidly, leading to urban concentration and unplanned development in city areas. Against this background, fears arose of a worsening of the health situation, and the provision of water supplies became an urgent current issue. As a result, in 1911, the Ministry of the Interior expanded the system of national treasury subsidies for piped water provision, and in response to this, the number of prefectures that established systems of subsidies aimed at supplementing the national provision was by no means small. In many cities and towns too, water provision projects were started. In terms of specific figures, the number of piped water provision enterprises increased by the mid-1920s to four times the figure in the early 1910s, reaching over 100 in total. The number of people provided with piped water also increased by 2.5 times, reaching more than 12 million people in all, about 20% of the total population of Japan.

With regard to what kind of bodies managed water provision projects, in the main, they were managed by municipalities (cities, towns and villages), but when it proved necessary, privately managed projects were also permitted. A further point is that from around the 1920s, a movement could be identified whereby water supply enterprises were established on a joint basis with the aim of covering a very wide area by municipalities joining together.

(2) Publicly managed traffic enterprises

In September 1903, Osaka city initiated the management of a streetcar enterprise. The background context was characterized by the development of city areas and concentrations of urban populations, together with the flourishing development of industries, with the spinning

industry in the lead, and others that included manufacturing industry, the iron and steel industry, and shipbuilding. It was in this context that the development of streetcars took place in Osaka. What happened there was that in line with the development of streetcar lines, the city improved (expanded) the streets alongside the streetcar lines, at the expense of the streetcar project. Therefore we can say that the streetcar enterprise contributed greatly to the general urban development in Osaka.

Streetcar development in Tokyo was started in 1911 by means of the purchase of private-sector facilities. Business expanded steadily, and in 1922, the average number of passengers carried in one day amounted to 1.31 million.²⁵ However, developments of this kind in Tokyo suffered great damage as a result of the Great Kanto Earthquake of 1923. As well as the fact that recovery measures did not progress in an orderly manner, the economic depression of the late 1920s and the development of alternative means of transport meant that 1924 was the peak year for streetcar users, after which they declined, and the management of the streetcar enterprise in Tokyo became a very hazardous business.

Following Osaka city and Tokyo city, the cities of Kobe, Yokohama and Nagoya started streetcar enterprises by purchasing private-sector streetcar projects.

Furthermore, in the midst of the great damage caused to streetcars in Tokyo by the earthquake, bus services were started. The publicly managed services were a success, and many privately run bus services were also created. On the other hand, in Osaka, city-managed bus services were also started, but continued to have difficulties in the face of private-sector competition.

(3) Other publicly managed enterprises and their infrastructure

Publicly managed electricity services began in the city of Kyoto in 1892. Subsequently, from the end of the 1900s into the 1910s, publicly managed electricity services were also initiated in Kochi prefecture, the cities of Tokyo and Sendai, Miyagi prefecture, and many other local areas. By 1919, the number of such services had grown to 115.²⁶

In 1886 Tokyo prefecture took over a gas lamp enterprise and started gas services under the umbrella of public management. Subsequent development of gas services was mainly carried out by private enterprises, but city-management services could also be found in many cities.

As pointed out above, with the 1911 reform of the city system, a city counselor system was set up (for further details, see Chapter 4, Part 1 of this paper). It was envisaged that under this system, persons of managerial ability would be appointed as counselors, with the aim of raising the level of the management of enterprises, and great expectations were placed in the counselor system with regard to breathing new life into publicly managed enterprises. Specifically, the counselor system described here was adopted in large cities such as Tokyo and Osaka at this time.

Turning to the perspective of independent management and clarification of accounting, a system of special accounting was established under the reform of the city system carried out in 1911. In addition to this, through measures such as the Local Railway Law of April 1919, and the Rail Tracks Law of April 1921, a legal framework was put place for various kinds of enterprises, and within this framework too, regulations concerned with accounting methods also expanded greatly.

6 Reform of the local taxation system

6.1 Strengthening of local taxation – relaxing the restrictions on local taxes

(1) Strengthening local taxation

As shown in Table 1, there was a large rise in the overall amount of local taxation from 164 million yen in fiscal 1909 to 677 million yen in fiscal 1929. In particular, the increase that took part in the latter part of the 1910s is worthy of special note; the figure of 188 million yen in fiscal 1915 increased 3 times within the space of 5 years to 574 million yen in fiscal 1920.

When talking of local tax at this time, it is usual to make a broad division between on the one hand, independent taxes such as house rate levy, house tax and prefectural business tax, and on the other hand, surtax levied on such national taxes as land tax, business tax and income tax, and on such prefectural taxes as house rate levy, house tax and miscellaneous small taxes. As Table 7 “Changes in Local Tax Revenue by Type of Local Body” shows, in the 1910s, the composition of local tax revenue as a whole was as follows: surtax levied on national taxes, 30~40%; surtax levied on prefectural taxes, a little more than 40%; and independent taxes, a little more than 20%.

In March 1908, the Law concerning Local Tax Restrictions was promulgated. In order to meet demands for revenue from local bodies, the government loosened restrictions placed on surtax rates (raising of the permitted rates) levied on local tax revenue in the Russo-Japanese War with the objective of increasing the local tax revenue base. For example, the land tax surtax restriction rate rose in the case of prefectural taxation from 50% to 60%, and in the case of municipal taxation, from 30% to 40%. Under the same law, while on the one hand, surtax restrictions were eased, new restrictions were placed on excess taxation. Furthermore, the restricted rate was eased so that the total surtax amount did not exceed the amount prior to the Russo-Japanese War. As a result, from the perspective of responding to the increase in the demand for revenue on the part of local bodies, the amount was not necessarily sufficient.

Table 7 Changes in Local Tax Revenue by Type of Local Body

(Unit: 10 Thousand yen, Percentage)

Items	FY1909		FY1919		FY1929	
	Tax Amount	Ratio	Tax Amount	Ratio	Tax Amount	Ratio
Prefectures	<i>5,847</i>	<i>35.6</i>	<i>14,527</i>	<i>36.0</i>	<i>26,480</i>	<i>39.1</i>
National tax surtax	3,086	52.8	7,753	53.4	13,250	50.0
Land tax surtax	2,722	46.6	5,802	39.9	7,299	27.6
Income tax surtax	125	2.1	1,022	7.0	3,569	13.5
Surtax on business tax, etc.	239	4.1	929	6.4	2,382	9.0
Independent tax	2,761	47.2	6,774	46.6	13,230	50.0
House rate levy, house tax	1,335	22.8	3,114	21.4	4,316	16.3
Business tax	342	12.6	697	12.0	1,027	14.1
Miscellaneous taxes	1,084	18.5	2,963	20.4	7,887	29.8
Cities	<i>1,872</i>	<i>11.4</i>	<i>5,348</i>	<i>13.2</i>	<i>12,279</i>	<i>18.1</i>
National tax surtax	499	26.7	2,252	42.1	3,695	30.1
Land tax surtax	51	2.7	169	3.2	605	4.9
Income tax surtax	200	10.7	1,324	24.8	1,096	8.9
Surtax on national business tax, etc.	248	13.2	759	14.2	1,994	16.2
Prefectural tax surtax	769	41.1	1,993	37.3	5,487	44.7
Surtax on house rate levy and house tax	624	33.3	1,278	23.9	2,990	24.4
Prefectural business tax surtax	145	7.7	181	3.4	392	3.2
Miscellaneous tax surtax	—	—	534	10.0	2,105	17.1
Special taxes, etc. (independent taxes)	604	32.3	1,103	20.6	3,097	25.2
Towns / Villages	<i>7,801</i>	<i>47.5</i>	<i>18,331</i>	<i>45.4</i>	<i>27,788</i>	<i>41.0</i>
National tax surtax	1,715	22.0	3,642	19.9	4,876	17.5
Land tax surtax	1,350	17.3	2,009	11.0	3,553	12.8
Income tax surtax	211	2.7	1,270	6.9	156	0.6
Surtax on national business tax, etc.	154	2.0	363	2.0	1,167	4.2
Prefectural tax surtax	5,800	74.3	14,225	77.6	7,276	26.2
Surtax on house rate levy and house tax	5,317	68.2	12,706	69.3	2,538	9.1
Prefectural business tax surtax	483	6.2	321	1.8	556	2.0
Miscellaneous tax surtax	—	—	1,198	6.5	4,182	15.0
Special taxes, etc. (independent taxes)	286	3.7	464	2.5	15,636	56.3
Counties, irrigation associations, etc.	<i>890</i>	<i>5.4</i>	<i>2,192</i>	<i>5.4</i>	<i>1,164</i>	<i>1.7</i>
Total	<i>16,410</i>	<i>100.0</i>	<i>40,398</i>	<i>100.0</i>	<i>67,711</i>	<i>100.0</i>
Total of Prefectures, Cities, Towns, Villages	<i>15,520</i>	<i>100.0</i>	<i>38,206</i>	<i>100.0</i>	<i>66,547</i>	<i>100.0</i>
National tax surtax within the above total	<i>5,300</i>	<i>34.1</i>	<i>13,647</i>	<i>35.7</i>	<i>21,821</i>	<i>32.8</i>
Prefectural tax surtax	<i>6,569</i>	<i>42.3</i>	<i>16,218</i>	<i>42.4</i>	<i>12,763</i>	<i>19.2</i>
Special taxes (independent taxes)	<i>3,651</i>	<i>23.5</i>	<i>8,341</i>	<i>21.8</i>	<i>31,963</i>	<i>48.0</i>

[Sources]

- 1 Produced by the author on the basis of data in "Overview of local finances" (Ministry of the Interior, Local Affairs Bureau, ed.)
- 2 Constituent percentages in italics show constituent percentages of the "Total" or of the "Total of Prefectures, Cities, Towns and Villages". Constituent percentages other than the above show the constituent percentages of taxes for "Prefectures", "Cities", and "Towns and Villages" respectively.

(2) Relaxation of restrictions on local taxation

As a result of the influence of World War I, the cost of living rose and the economy also took an upward turn. National finances showed a large increase, and the scale of local government expenditure also underwent significant expansion. Within this framework, local finances fell further into dire straits, and the question of how to secure local revenue sources became a major issue. In February 1919, the government submitted to the Diet a “Draft Bill concerning Expansion of Local Tax Restrictions due to the Impact of the Situation of 1919”. Specifically, the proposed law approved taxation in excess of the specified limit subject to the approval of the Minister of the Interior and the Minister of Finance. The amount of the increase was estimated at 22 million yen in the case of prefectures, and 20 million yen in the case of municipalities.²⁷ The bill passed through the Diet in the original form, and was implemented from fiscal 1919.

However, even subsequent to the passing of the law, the cost of living continued to rise, and local expenditures also continued to expand. At 963 million yen in fiscal 1920, the scale of expenditure was about 3 times that of the period before World War I (fiscal 1913) (refer to Table 1 for further details). In this situation, the government, with a view to securing local revenue, proposed to the Diet a revision of the “Law concerning Local Tax Restrictions”. The revised bill passed through the Diet, and was promulgated in August 1920. Under the revision, the restriction on the national tax surtax rate was expanded to about 3 times the rate prior to World War I. The result was that the surtax rate levied on 3 taxes, namely land tax, business tax and income tax, increased remarkably to the fiscal 1920 level of 176 million yen and the fiscal 1921 level of 208 million yen, approximately 3 times to 3.5 times the rate in fiscal 1913, before the outbreak of World War I.²⁸

By means of this kind of expansion (relaxation), local tax revenue showed a large increase, from 190 million yen in fiscal 1913 to 574 million yen in 1920, and 637 million yen in fiscal 1921 (Table 1 refers). However, from 1915 to 1921, the price of rice rose more than 3 times, and in this kind of context, in many cases, the increased revenue was used not to strengthen the local financial base, but mainly to deal with the large increase in fixed costs accompanying the rise in the cost of living, or in the salaries of staff, and so on.

6.2 Establishment of the special city planning tax and house rate regulations

(1) Creation of a special city planning tax

A land tax levy raised by means of Tokyo city and ward bylaws in 1888 was established as a special city planning tax, and in 1918, was applied to 5 large cities in addition to Tokyo.

In 1919, the City Planning Law was enacted, and under Article 8 of this law, it was specified that a special city planning tax could be levied to provide a source of finance for city planning projects. The special city planning tax was composed of a “land tax levy” and, in addition to this,

a “national business tax levy” and “business tax, miscellaneous tax or house tax”. However, the percentage occupied by the special city planning tax within the overall expenditure on city planning projects was small, and it proved incapable of becoming the main source of revenue for such projects.

(2) Establishment of house rate regulations and rules for their operation

The concept of house rate was identified in the local tax regulations of 1878 as a tax item within prefectural taxation. Further, according to the Law for the City System and the Town and Village System of 1888, surtax on the prefectural tax house rate (house rate surtax) was recognized in municipalities (cities, towns and villages).

The house rate and house rate surtax played a vitally important part in local taxation. For example, the amount collected through these taxes in fiscal 1919 totaled 27 million yen for prefectures, and 128 million yen for cities, towns and villages, making up nearly 40% of the total amount of the 404 million yen collected in local taxation.²⁹ However, there were no uniform standards regarding the collection of this rate, and the matter was left to the discretion of each individual local body. As a result, many defects in the imposition of this levy were identified in terms of unfairness and irrationality, and at the Diet level too, arguments were presented arguing for the need for uniform house rate taxation methods. It should also be noted that by the reform of the city, and the town and village system of 1921, the numbers of electors of municipal assemblies had increased, resulting in antagonism in assemblies, and there were fears that the house rate problem would become the seed of political conflict.

Against this kind of background, prefectural tax house rate regulations were issued in October 1921 in the form of an Imperial edict, and in February of the following year, rules for their operation were issued by the Ministry of the Interior. By these means, steps were taken to establish a house rate system. The main contents of this system are as listed below.

- i) The rate is levied in line with the capacity of those who establish one dwelling or make an independent living.
- ii) The concept of capacity was calculated in principle on the basis of 70% or more of the taxpayer’s income, and in addition on the basis of the size of the house.
- iii) The standard applied to cities, towns and villages with regard to the amount of the house rate was the amount of national tax and prefectural tax directly levied on residents of the said cities, towns and villages, as well as the number of house rate taxpayers in the municipalities concerned.
- iv) In principle, the total amount of the house rate could not exceed 30% of the total amount of prefectural tax in the budget, while the total amount of house rate surtax could not exceed 50% of the total amount of tax in the budget in the case of cities and wards, and 80% in the case of

towns and villages.

Furthermore, in May 1922, with a view to avoiding the severe change and burden that had arisen as a result of the 1921 reform, the house rate was re-examined. As a result of strengthening the nationally imposed uniformity regulations, the problem of the irrationality in the house rate system was solved, but only to the extent that some problems remained.

6.3 Enactment of the Law concerning Local Taxes

Faced with expanding expenditures, local bodies made continuing efforts to secure financial revenue by creating various kinds of independent taxes at the same time as increasing surtax. As a result of this situation, the tax burden on citizens became excessively heavy, and imbalances in the imposition of this burden increased, so that finding a rapid solution to the problem of reform of the tax system became a major issue. In this kind of context, emphasis was put on the necessity of radical reform of the taxation system, land taxes and business taxes were transferred from national level to prefectural level, while the house rate levy was transferred from prefectural to municipal level. In 1922, in the Special Board of Investigation of Finance and Economy, through measures such as these, the establishment of a grand design for local taxation was vigorously debated.

In September 1925, the Cabinet, composed solely of members of the Kenseikai Party, issued a document entitled “The Principle and Outline of Arrangements of the Tax System”. In this document, the government set out the following points: i) creation of house tax as a prefectural tax; ii) abolition of the prefectural house rate levy and transfer of the levy to municipalities; and iii) rearrangement of the prefectural business tax and miscellaneous taxes. However, the question of transfer of land tax and business tax from national to prefectural level, which had previously been discussed, was not included.

On the basis of the document setting out the details of a rearranged tax system, draft bills were submitted to the Diet, and in March 1926, the “Law concerning Local Taxes” and “Revised Law of the Law concerning Local Tax Restrictions” were promulgated.

The scale of reforms to the tax system carried out by these two revised laws was very broad. The main points of the content are as below:

- i) The imposition of a house tax as a prefectural tax was established, taking as a criterion the rental value of buildings such as residential houses, warehouses and factories. As a result, the house tax increased very greatly from 10 million yen in fiscal 1925 to 43 million yen in fiscal 1926.³⁰ However, as explained below, because the house rate levy was transferred to municipalities, the total prefectural tax revenue in fiscal 1926 was 14 million yen less than in fiscal 1925.
- ii) The house rate levy, which accounted for 20% of prefectural tax revenue, was discontinued

and transferred to municipalities. The house rate surtax was also discontinued, and a house rate levy (special tax) was created as an independent tax levied by municipalities. The income from the house rate levy in fiscal 1926 was 12 million yen in the case of cities, and 146 million yen in the case of towns and villages. Particularly in the case of the latter, as can be seen from Table 7, the transfer of this revenue caused a major change in the proportion of tax revenue occupied by independent taxes. Moreover, accompanying the transfer of the prefectural house rate levy, the municipal (city, town and village) income surtax was abolished, and in principle transferred to prefectures.

iii) The regulations pertaining to the type and tax basis of prefectural business tax were also specified in detail, and at the same time, in a very large-scale reorganization, the types of miscellaneous taxes were restricted to 15 kinds.

In the ways specified here, a strengthening of independent taxes aimed at a decentralized and rational local tax system, and reform of the local tax system itself are taken forward. However, as Table 7 shows, there have been no great changes in the composition percentages of national tax surtax, and developments have not progressed to the stage of implementing radical changes in the character of a local tax system which depends very heavily on surtax.

6.4 Draft bills concerned with land tax and business tax

Against the background of clear limitations to the results of the reform of the local tax system in 1926, the Tanaka Cabinet, composed predominantly of members of the Seiyukai, was formed in 1927. The Seiyukai took the view that the transfer of national tax to local levels was necessary, and in January 1928 submitted to the Diet a draft bill concerned with local taxation, the content of which aimed to bring order into the tax system by dealing with land tax and other matters. Due to the dissolution of the Diet, the bill did not complete its passage, so in January 1929, the government again submitted a draft bill concerning reform of local taxation, centering on the transfer of land tax, to the Diet. According to the explanation given by the government at the time, the bill aimed i) to give local bodies, by the transfer of land tax and business tax and other methods, an independent, confirmed source of revenue, and ii) to ameliorate the taxation burden by rearranging the system so that the burden was more equitably shared among taxpayers..

The increases and reductions in tax revenue can be summed up as follows: i) With regard to national tax, as a result of the abolition of land tax and tax on business profits, and other measures, revenue fell by 143 million yen, and as a result of the reform of income tax, revenue increased by 62 million yen, resulting in a net decrease of 81 million yen; and ii) with regard to local taxation, as a result of the transfer (creation) of land tax and business tax, and other measures, revenue increased by 56 million yen, while as a result of lessening the burden of house tax, miscellaneous taxes and the house rate levy, revenue fell by 56 million yen, so that

increases and decreases balanced each other out, resulting in a zero net effect.³¹

This reform had as its objective the construction of a decentralized local taxation system, centered on independent taxes. Within this context, fierce debates arose about i) how to compensate for the decrease in national revenue; and ii) how to secure a source of finance for local bodies. For its part, the government asserted that it aimed to compensate for the decrease in national revenue by such means as special income tax or the reduction of set expenses, but counter-arguments were put forward claiming that such measures would be insufficient and that it would inevitably be necessary to rely on increasing the issue of public bonds. Furthermore, turning to the aim of securing a local financial base by means of strengthening independent taxes levied by local bodies, inequalities and imbalances existed between one local body and another, and in this context, criticisms were made that even if land tax and business tax revenue were transferred to municipal level, it would not be possible to secure the revenue most needed by the financially weakest municipalities.

In this kind of situation, the draft bill concerning both taxes passed through the House of Representatives, but did not get beyond the discussion stage in the House of Peers, and was withdrawn. Subsequently, the economic depression became more severe, and securing revenue, the factor that had necessitated the proposal to transfer the taxes, became very difficult, so the outcome was that the transfer of land tax and business tax became a policy issue that had only a very faint chance of being realized. With regard to local tax reform centered on strengthening independent taxes, the reform was inadequate for the task of saving the financial weak municipalities which were suffering due to the imbalance in economic capacity between one municipality and another, and as the economic situation became increasingly severe, the creation of a local financial system designed to redress the financial inequalities became a major issue.

Conclusion

As key factors in the development of local autonomy in this period, the following 3 points can be adduced.

1) In a context characterized by massive economic development and the advance of urbanization, there was a large increase in the duties to be undertaken by local bodies, and their role underwent considerable expansion. Specifically, the Japanese economy grew 4.2 times during this period, but this was outstripped by the 6.4-fold increase in the scale of expenditures of local bodies. As for a percentage to the scale of central government expenditure, the scale of the expenditure by local bodies expanded from 0.5 in 1909 to 1.0 in 1929. As the major background factor in this expansion, it is reasonable to point to the way in which, within the framework of the great socio-economic changes that took place in Japan, many administrative services were newly required, resulting in an expansion of the duties involved in the

implementation of these services by local bodies under the control and active participation of the central government.

2) In the context of an upsurge of movements calling for democratic government, reform of the election system was taken forward, and reforms aimed at a decentralized local system were also carried out. Democracy was advocated, and movements to defend the Constitution sprung up; it was in this kind of context that a full-scale, party-based Cabinet was formed, and the Law for the Election of Members of the House of Representatives was revised with a view to implementing a Popular Election. Against this background, there was also an expansion of voting rights in relation to local elections, and reform in such ways as the implementation of the Popular Election system was taken forward. A further point, in relation to the support for the decentralization of political parties, is that as can be seen in the system reform of 1929, reforms of the local system aimed at expansion of local autonomy were taken forward through such measures as the control and intervention of central government and the strengthening of the system of local assemblies.

3) As already stated, the duties to be undertaken by local bodies increased, and the scale of their expenditures expanded, and the strengthening and rationalization of local tax revenue was undertaken, as well as such measures as the creation of a system of national treasury subsidies (obligatory shares) for compulsory education expenses in cities, towns and villages. The local taxation system was therefore expanded and rationalized during this period, and the scale of local tax income increased 4.1 times. However, seen from the perspective of the steep rise in the scale of expenditures, the increase in the rate of revenue was still low, and did not go so far as to secure the revenue needed by local bodies. It should also be noted that the creation of a national treasury obligatory share system for municipal compulsory education expenses aimed at alleviating the burden of such expenses imposed on municipalities in 1918. Against this background, the proportion of the income of local bodies taken up by local taxes decreased from about 50% in 1910 to 30+% at the end of the 1920s, but on the other hand, the relative weight of national subsidies in local income increased.

Finally, I would like to indicate, on the basis of the development of local autonomy described in this paper, some of the characteristics of local autonomy in the period under consideration.

1) Given that the scale of expenditures by local bodies at the end of the 1920s was approximately the same as the scale of central government expenditure, then if one considers that 25~30% of central government expenditures at the time was taken up by military spending, then compared to expenditures by local bodies (governments) in present-day Japan or in a number of overseas countries, the scale was by no means small, and it is fair to say that the services offered by prewar local bodies and the scale of the administrative duties that they implemented, the role of local bodies was large.

2) Turning to reforms such as the introduction of a Popular Election system or a decentralized local system, party politics developed through such means as movements to protect the Constitution and the formation of party-based cabinets, and such policies were supported and taken forward to a very large extent by political parties. On the other hand, within a context in which party-based politics developed and election systems were reformed, the harmful effects of party-based personnel administration that had been taken too far became a problem, and movements developed to stop election corruption and clean up city politics.

3) The percentage of local income taken up by local taxation revenue exceeded 50% at the beginning of the 1920s, and this can be seen as a relatively high level, for example, when compared to recent levels of 35~45%. It should also be noted that a ratio of 1 to 1 for national taxation and local taxation has been set as the objective of present-day local taxation policy reform, and 50% of the constituent percentage of local taxation would be necessary to achieve this objective. (For example, in the final accounts for fiscal 2007, in order to achieve a distribution ratio of 1 to 1 in terms of national and local taxation, a tax transfer of ¥6.2 trillion would be necessary, and in such a case, the constituent percentage of local taxation would be 50.9%.)

4) At the end of the 1920s, the view was put forward that in order to expand the scope of independent local taxes and take forward decentralization, land tax and business tax should be transferred to local tax revenue. On the other hand, there were counter-arguments because the effect of such a tax transfer would be insufficient to guarantee revenue for the financially weakest local bodies, and we can find the same debate about tax transfer in these days. However, on the question of calling for independence of local taxes, it is necessary to pay attention to some differences between this argument and the argument for strengthening local taxation today, which is examining how to strengthen tax revenue centered on local consumption tax. (Note that the criteria for the imposition of local consumption tax are analogous to the national consumption tax criteria).

[Notes]

¹ The figures given here are based on data in *Meiji ikou: honpou shuyou keizai toukei* [*Hundred-year statistics of the Japanese economy*], Statistics Department of the Bank of Japan, January 1966, pp. 134, 135.

² For further details on road administration in this period, refer to Tai Ka Kai, *Naimushou-shi Dai 3-kan*, [*History of the Ministry of the Interior, Vol. 3*], Institute of Local Finance, June 1971, pp. 103-112.

³ Based on op. cit., *Hundred-year statistics of the Japanese economy*, National productive

income (estimated by Yamada) , pp. 28, 29.

- ⁴ For further details refer to Editorial Committee for the Hundred-Year History of Local Autonomy, ed., *Chihou jichi hyakunen-shi. Dai ikkan [Hundred-year history of local autonomy, Vol. 1]*, Committee for the 40th anniversary of the Local Autonomy Law implementation and Centenary of Promulgation of the Local Autonomy System, March 1992. p. 541.
- ⁵ For further details refer to Ministry of Health and Welfare, Medical Affairs Bureau, ed., *Iryou hyakunen-shi, [100-year history of medical services]*, Gyosei Co., January 1976, pp. 230,231.
- ⁶ On water supply provision enterprises in this period, refer to op. cit., *History of the Ministry of the Interior, Vol. 3*, pp. 152-156.
- ⁷ *ibid.*, pp. 181,182.
- ⁸ On the enactment of the City Planning Law, refer to op. cit., *History of the Ministry of the Interior , Vol. 3*, pp. 189-196.
- ⁹ For further details refer to op. cit., *Hundred-year history of local autonomy, Vol. 1*, pp. 502-508.
- ¹⁰ For further details refer to op. cit., *Hundred-year history of local autonomy, Vol. 1*, pp. 547-552. Further, the national budget for 1924 was approximately 1.63 billion yen. Table 1 refers.
- ¹¹ For further details refer to op. cit., *Hundred-year history of local autonomy, Vol. 1*, pp. 512, 513. While a governor was appointed by the central government, a city mayor was selected by the Minister of the Interior from 3 candidates recommended by the city assembly. In the case of a town or village mayor, he was elected by the local assembly, but an approval of the governor was required to become a mayor.
- ¹² For further details refer to Tai Ka Kai, *Naimushou-shi Dai 2-kan, [History of the Ministry of the Interior, Vol. 2]*, Institute of Local Finance, November 1970, p. 308.
- ¹³ For further details refer to op. cit., *Hundred-year history of local autonomy, Vol. 1*, p. 599.
- ¹⁴ On the movements at this period to clean up elections and city politics, refer to op. cit., *Hundred-year history of local autonomy, Vol. 1*, pp. 645-649.
- ¹⁵ For further details refer to op. cit., *History of the Ministry of Interior Vol. 2*, p. 173.
- ¹⁶ County expenditures at this time were about the level of 10% of prefectural expenditures, and 5% that of city, town and village expenditures. Table 4 refers.
- ¹⁷ For further details refer to op. cit., *History of the Ministry of the Interior Vol. 2*, p. 186.
- ¹⁸ For further details refer to Editorial Committee for the Hundred-Year History of Local Autonomy, ed., *Chihou jichi hyakunen-shi. Dai san-kan [Hundred-year history of local autonomy, Vol. 3]*, Committee for the 40th anniversary of the Local Autonomy Law Implementation and Centenary of Promulgation of the Local Autonomy System, August 1993,

documentary section, pp. 82, 83.

- ¹⁹ As can be seen from Table 1 and Table 4, the proportion of the amount of settled accounts in respect of expenditures by local bodies to the central government general settled accounts figure underwent a large increase from the start of the 1920s.
- ²⁰ The constituent proportion of rents and fees in the settled accounts for fiscal 2007 was 2.6%; the proportion for fiscal 1914, 1919, 1924 and 1929 was 3 to 4 times higher than this.
- ²¹ Expenditure on social works (social welfare, labor-related costs) accounted for 23 million yen (1.8% as a constituent proportion) in fiscal 1925, and subsequently decreased slightly to 19 million yen (1.1%) in fiscal 1929. For further details, refer to op. cit., *Hundred-year history of local autonomy*, Vol. 3, documentary section, pp. 84, 85.
- ²² For further details, refer to *Zenkoku shi-chou-son youran*, [National compendium of cities, towns and villages], Dai Ichi Houki Co., November 2008, p.1. Furthermore, the number of towns and villages decreased from 15,820 in 1889 to 12,387 in 1908, 12,224 in 1922, and 11,820 in 1930.
- ²³ For fiscal 1919, the final accounts figure was 53 million yen for Tokyo City, 41 million yen for Osaka City, and 137 million yen for the 6 large cities combined. For further details, refer to the Cabinet Statistics Bureau, ed., *Dai 41-kai, nihon teikoku toukei nenkan, taishou 11-nen* [41st Issue of Annual Statistics for the Japanese Empire for 1922], pp. 574-577.
- ²⁴ On the enactment of the Law of State Liability of Municipal Compulsory Education Expenditure, refer for further details to: Fujita Takeo, *Nihon chihou zaisei hatten-shi* [The history of the development of local finances in Japan], Kawade Shobo, November 1951, pp. 237-248; and op. cit., *Hundred-year history of local autonomy*, Vol. 1, pp. 563-566.
- ²⁵ For further details refer to op. cit., *Hundred-year history of local autonomy*, Vol. 1, p. 578.
- ²⁶ For further details refer to op. cit., *History of the Ministry of the Interior*, Vol. 2, pp. 495-499.
- ²⁷ For further details refer to op. cit., *Hundred-year history of local autonomy*, Vol. 1, p. 582.
- ²⁸ For further details refer to op. cit., *Hundred-year history of local autonomy*, Vol. 1, p. 587.
- ²⁹ For further details, refer to Table 7. In the figures for the “House rate levy, house tax” and the “Surtax on house rate levy and house tax” shown in Table 7, the figures for the house tax and surtax on house tax are included, but it should be noted that the house rate levy and surtax on house rate levy makes up a very large proportion, nearly 90%, of the totals.
- ³⁰ On the house tax for fiscal 1925 and 1926, and the amount of income from the house rate levy in fiscal 1926, refer to Ministry of the Interior, Local Affairs Bureau, ed., *Chihou zaisei gaiyou* [Overview of local finances].
- ³¹ For further details, refer to op. cit., *The history of the development of local finances in Japan*, pp. 48, 429.

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Volume 3 (1909-1929): The Development of the Prewar Local Autonomy System

Trends of the Era and National Policy	Trends in Local Autonomy (Local Administration / Local Tax and Finance Policy)
1907 Economic crisis causing a fall in share prices (current)	
1908 (Oct.) Promulgation of the Boshin Imperial Rescript (Policy)	1908 (Mar.) Promulgation of the Law concerning Local Tax Restrictions (finance)
	1908 (Oct.) Development of the Local Reform Movement (Governors' Conference) (admin.)
1910 (Aug.) Annexation of Korea (current)	
1911 (Mar.) Promulgation of the Factory Law (policy)	1911 (Apr.) Full-scale reform of the system of cities, and that of towns and villages (admin.)
1911 (Dec.) General strike by employees of the Tokyo City Streetcar Enterprise (current)	
1912 (July) Death of Emperor Meiji, accession of Emperor Taisho (current)	
1914 (Mar.) Enactment of the Patent Medicine Law (policy)	1914 (Apr.) Reform of the prefectural system (admin.)
1914 (Aug.) Entry into World War I (-1918) (current)	
1915 (June.) Enactment of nursing regulations (policy)	
1916 (Jan.) Call for democracy by Yoshino Sakuzo (current)	
1916 (Sep.) Implementation of the Factory Law (policy)	
1917 (Mar., Nov..) Russian Revolution (current)	
1917 (July) Enactment of the Soldiers' and their Families' Relief Law (policy)	
1918 (Aug.) Advance of Japanese troops into Siberia (current)	1918 (Mar.) Promulgation of the Law of the State Liability of Municipal Compulsory Education Expenditure (finance)
1918 (Aug.) Occurrence of rice riots (riots in Toyama Prefecture and spreading throughout the country in August, collapse of the Terauchi Cabinet in September)(current)	1918 (Apr.) Reform of the county system (admin.)
1918 (Sep.) Full-scale formation of a party-based cabinet (Seiyukai Cabinet under Hara Takashi) (policy)	
1918 Epidemic of Spanish flu (current)	
1919 (Mar.) Enactment of the Tuberculosis Prevention Law, the Mental Hospital Law, and the Trachoma Prevention Law (policy)	1919 (Mar.) Promulgation of the Law concerning the Expansion of the Local Tax Restriction due to the Impact of the Situation of 1919 (finance)
1919 (Apr.) Promulgation of the Road Law, and of the City Planning Law (policy)	1919 Creation of a Special City Planning Tax (finance)
1919 (June.) Signing of the Treaty of Versailles (current)	
1920 (Jan.) Formation of the League of Nations, admission of Japan (current)	1920 (Aug.) Revision of the Law concerning Local Tax Restrictions (finance)
1920 (Mar.) Fall of share prices, outbreak of economic (postwar) crisis (current)	
1920 (July) Promulgation of the Public Land Forestation Administration Law (policy)	
1921 (Apr.) Promulgation of the Employment Placement Law, the Rice Law and the Rail Tracks Law (policy)	1921 (Apr.) Revision of the system of cities, and the system of towns and villages (admin.)
1921 (Nov.) Washington Naval Conference (current)	1921 (Apr.) Promulgation of the Law concerning Abolition of the County System (admin.)
	1921 (Oct.) Promulgation of the regulations concerned with the prefectural House Rate Levy (finance)
1922 (Apr.) Enactment of the Health Insurance Law (policy)	1922 (Apr.) Reform of the prefectural system (admin.)
1922 (Nov.) Establishment of the Ministry of Interior Social Bureau (External Affairs Bureau) (policy)	
1923 (Sep.) The Great Kanto Earthquake (current)	
1925 (Mar.) Promulgation of the Exporters' Association Law (policy)	
1925 (Apr.) Enactment of the Pharmacists Law and Promulgation of the Public Order Maintenance Law (policy)	1923 (Apr.) Abolition of the county system(admin.)

1925	(May) Revision of the Law for the Election of Members of the House of Representatives (Promulgation of the Popular Election Law) (policy)		
1926	(Dec.) Death of Emperor Taisho, accession of Emperor Showa (current)	1926	(Mar.) Promulgation of the Law concerning Local Taxes and revision of the Law concerning Local Tax Restrictions (finance)
		1926	(June) Reform of the system of prefectures, the system of cities, and the system of towns and villages (admin.)
		1926	Full-scale revision of the local official (office) system and abolition of county offices in July (admin.)
1927	(Mar.) Start of the financial panic (current)		
1928	(Feb.) First election under the Popular Election Law (16th general election) (policy)		
1929	(Oct.) Start of the Great Depression (current)	1929	(Apr.) Revision of the system of prefectures, the system of cities, and the system of towns and villages (admin.)

[Note] In this table, "current" denotes matters concerned with the current of the times, "policy" matters concerned with national policy, "admin." matters concerned with local administration, and "finance" matters concerned with local financial policy.