

**Historical Development of Japanese Local Governance Vol. 6**

**Volume 6 The Revision of the Postwar System of  
Local Autonomy (1952 – 1960)**

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## Foreword

The Council of Local Authorities for International Relations and the National Graduate Institute for Policy Studies 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 2010, we will continue 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 will also continue 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.

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

January 2011

Yoko Kimura

Chairperson of the Board of Directors

Council of Local Authorities for International Relations

Tatsuo Hatta

President

National Graduate Institute for Policy Studies



## Preface

This booklet, one of a series which started to appear in 2010, 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
Akio KAMIKO	Professor, School of Policy Science, Ritsumeikan University

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This booklet, Vol. 6 in the series, “Historical Development of Japanese Local Governance” is authored by Prof. Yasutaka Matsufuji and gives an account of the development process and history of local governance in Japan in the period 1952-1960.

The period (1952-1960) covered by this volume is one in which after Japan regained its independence, changes were made to the country’s administrative system in such a way that, in the name of deepening local autonomy, greater uniformity and stronger control were imposed on local governments by central government, using the law as a device. The main background factor continued to be that of a continuing financial crisis on the part of local governments, and the formal aspects of local autonomy were debated within the framework of a structural antagonism, in which the financial organs of local governments were pitted against those of central government, and in which stress was put on the economic development of the state versus that of localities.

I would like to express my heartfelt appreciation to Prof. Matsufuji, and also to other 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.

January 2011

Hiroshi Ikawa

Chairperson

Research committee for the project on the overseas dissemination of information  
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## **Volume 6 The Revision of the Postwar System of Local Autonomy (1952-1960)**

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### **Introduction**

After the end of the Pacific War, an idealistic political system was introduced into Japan by the General Headquarters of the Allied Powers (hereafter, GHQ): it laid great respect on local autonomy, which was seen as an ideal by GHQ. However, as a result of the development of the Cold War, in particular, the start of the Korean War, military bases housing U.S. forces proliferated in Japan. Furthermore, as a result of the conclusion of the peace treaty of 1951, the administrative system of Japan after the return of Japanese independence once again assumed the form of a system in which central control, uniformity and efficiency were emphasized.

This was a period in which the central government, with the ostensible aim of deepening local autonomy, took forward the process of confirming the spread of uniformity throughout the whole country, using the law as a device for achieving control. Local governments everywhere found that their scope for making autonomous judgments became steadily more limited, and while on the one hand, a shadow was cast over the ability to make diverse responses matched to the reality of local conditions and to the exercise of local creativity and ingenuity, on the other hand, importance was placed on a pattern of implementation which corresponded precisely to what was decided.

In the area of finance, the recovery of the Japanese economy in the postwar period was matched by a fresh increase in the expenses incurred in carrying out administrative tasks, and local government finances were in an extremely tight situation. Within a context in which relations between local finances and central finances were very strained, the central point at issue was that of how far local governments should be subsidized by the national treasury.

Moreover, arrangements were made for introducing a system designed to promote the development of specified local areas, but despite the reference to “specified local areas”, in fact, almost every area in the country was treated as a target for the program. Also, rather than attention being focused on individual activities or the activities of individual firms, the main focus was put on the development of infrastructure and on general financial support. This resulted in very scattered local development schemes which lacked any organized strategy and took the form of automatic responses to people’s demands.

In ways such as those shown here, the revision of postwar reform matched the thinking of those concerned with central government relations in Japan. The result was that priority was given in local governments to maintaining existing systems or to the financial perspective of local government structures as such. Specifically, one could see in local governments a weakening of the perspective of cultivating economic capacity, fostering creativity and ingenuity and creating policies on their own initiative, and, in the capacity of local managerial entities, of engaging in measures to activate the local economy by means of measures to support a rise in the profitability of local firms, and in pursuing the happiness of local residents. In this sense, it can be said that the pattern formed of local governments was that of an entity which responded to current global change and saw its concerns as being the drafting of policy plans.

Accompanying the expansion of the Korean War, Japan's industrial sector and export agencies felt the impact of a demand boom, which is linked in turn to Japan's rapid economic recovery and high-speed economic growth.

It should also be noted that the Japan Socialist Party (hereafter, JSP) was formed in October 1955, while in the following month of November, the Liberal Democratic Party of Japan (hereafter, LDP) was formed as a coalition between the Liberal Party and the Japan Democratic Party. The system subsequently formed was known as the 1955 system, in which the LDP maintained its grip on power, while the Japan Socialist Party functioned as the No. 1 opposition party.

## **1 The conclusion of the San Francisco Peace Treaty and the end of the occupation**

### **1.1 The conclusion of the San Francisco Peace Treaty and the signing of the Japan-U.S. Security Treaty**

As a result of the outbreak of the Korean War, the entry of China into the war, and the deadlock on the front line, voices calling for a speedy realization of talks with Japan so that cooperation between Japan and America could be strengthened, could be increasingly heard in America. However, demands of this kind can be thought of as indivisible from the continuing use of American bases in Japan for the purpose of carrying out attacks in the Asian region, and the rearmament of Japan. It is against this background that discussions on the Japan-U.S. Security Treaty and the Japan-U.S. Administrative Agreement were held in parallel with peace negotiations. Further, the fact that Okinawa and Ogasawara should remain under U.S. military control was made a precondition of the peace treaty. Specifically, at the request of America, mention of "international peace and security in the Far East" was incorporated into an Article of the Japan-U.S. Security Treaty. This was consequently known as the Far East Article, and served as the foundation for incursions into Asia by American forces in Japan. It was also stipulated

that in case of emergency, the use of Japanese armed forces under the direction of the Commander of the U.S. Forces would be tolerated.

In accordance with the above, the Treaty of Peace with Japan was signed at San Francisco in September 1951, and the Japan-U.S. Security Treaty was concluded on the same day.

On April 28, 1952, both the above treaties officially came into effect, formally ending the Allied occupation of Japan. With regard to the territory of Okinawa and Ogasawara south of the 29th parallel, it was stipulated that America had legislative, administrative and judicial authority, and was further stipulated that Japan was to offer land for U.S. military bases for use by American land, sea and air forces, at locations unspecified at the time. Furthermore, on the same day, April 28, 1952, Japan concluded a peace treaty with the Republic of China (Taiwan), not mainland China (the People's Republic of China).

## **1.2 The creation of Japan's Self-Defense Forces**

In response to demands from America, the National Safety Agency Law was enacted in July 1952, while both the Law for the Establishment of the Defense Agency, and the Self-Defense Forces Law were enacted in June 1954. The number of personnel in posts thus created amounted to 130,000 for the Defense Agency and the Ground Self-Defense Force, 16,000 for the Maritime Self-Defense Force, and 6,300 for the Air Self-Defense Force. It should also be noted that in December 1953, the Amami Island Group north of Yoron Island was returned to Japanese sovereignty.

## **1.3 Enforcement of the Subversive Activities Prevention Law**

Under the Subversive Activities Prevention Law, enforced in 1952, the Public Security Examination Commission was mandated to dissolve organizations which engaged in "violently destructive activities" and to place limits on such activities. Also under this law, the Public Security Intelligence Agency was set up as an external bureau of the Ministry of Justice with the task of keeping watch on suspicious organizations like the Japan Communist Party, while the Cabinet Intelligence and Research Office was established within the Prime Minister's Office with the aim of collecting information on security and public order.

## **2 Declaration by Matthew Ridgway and review of the police system, the board of education system, and the local autonomy system**

### **2.1 The declaration by Matthew Ridgway and establishment of the Government Ordinances Advisory Council**

#### **(1) Declaration by Matthew Ridgway**

In April 1951, when General MacArthur, Supreme Commander of the Allied Powers, was

relieved of his command, General Matthew Ridgway was appointed as his successor. In May of the same year, on the occasion of the restoration of Japanese sovereignty, General Ridgway made a clear statement of the slackening of occupation policy, and issued a declaration that authority to undertake a review of GHQ directives had been given to the Japanese government.

## (2) Establishment of the Government Ordinances Advisory Council and its report

The Japanese government took note of the declaration by General Ridgway, and with a view to reviewing various existing systems, announced in April 1951 the formation of an informal committee known as the “Government Ordinances Advisory Council” with the status of a private advisory committee to Prime Minister Yoshida. 7 prominent individuals with knowledge and experience were appointed as members of the Council, which as its first task investigated the possible termination of the purge of persons holding public office. It issued its report in June 1951, and on the basis of this report, the purge policy was gradually discontinued.

As its next task, the Council examined such points as a possible relaxation of economic regulatory restrictions in respect of, for example, the Monopoly Prohibition Law, and the problem of reforming labor-related laws and regulations. In June 1951, the Council issued a report which brought together its opinions on such matters as the Law on the Prohibition of Private Monopolization and the Maintenance of Fair Trade, on the Labor Standards Law, and on the Labor Union Law.

## (3) Report by the Government Ordinances Advisory Council on reform of the administrative system

In August 1951, the Government Ordinances Advisory Council issued the results of its investigations into the reform of administrative structures in the form of a report entitled “Report on the Reform of the Administrative System”. The content covered a range of issues, including ways of confirming the simplification and increased efficiency of the administrative system, large-scale reduction of the scope of administrative duties, downsizing and simplification of administrative structures at central and local government level, downsizing of excess personnel, and reduction and simplification of local government structures. With regard to administrative reform, the control of central government over local governments was strengthened as shown by the following content items: the reserving by central government of mechanisms to correct administrative matters that were constitutionally inappropriate in order to enable central government to assume ultimate responsibility; encouragement of integration measures among municipalities so as to give them a more appropriate scale with a view to strengthening their administrative and financial ability; establishment in principle of the number

of prefectural bureaus and departments as 5, comprising general affairs, economy, civil engineering, society, and labor, establishment of a board of education as an external bureau, and attachment of the personnel committee to the general affairs department. As a further step, it was stipulated in the report that in municipalities with a population of less than 150,000, the public safety committee and the board of education should be abolished, in addition to the election supervisory committee, the agricultural committee, the fisheries committee, and the welfare committee.

#### (4) Establishment of the Administration Simplification Headquarters

For its part, the government took receipt of the above report, and with a view to taking forward the reform of administrative structures and the downsizing of personnel at central government and local government levels as well as the simplification and upgrading of the efficiency level of administrative duties, established in August 1951 the Administration Simplification Headquarters, comprising representatives of the Cabinet Office, Administrative Management Agency, the Cabinet Legislation Bureau, and the Local Autonomy Agency. At the level of local government administrative structures, reforms were taken forward by the government from the perspectives of simplification, raising the level of efficiency, and rationalization.

## **2.2 The abolition of local police forces**

### (1) Abolition by means of the votes of residents

After the war, it was decided that all cities as well as municipalities having a population in excess of 5,000 persons were to have local autonomous police forces, the management of which would be separated from central government control, while in areas other than these, nationally directed local police forces were established. It was further stipulated that even in the case of nationally directed local police forces, having regard to the perspective of decentralization, they were to be attached to and put under the supervision of prefectural public safety commissions, the members of which were persons appointed as representing the view of prefectural residents.

However, problem issues arose in respect of the operational management of such forces as well as over the question of bearing the financial burden of maintaining them, and municipalities also expressed their hopes; against this background, the Police Law was partially revised in 1951, and municipalities were given the power to vote to voluntarily abolish their local autonomous police force. As a result, the number of local autonomous police forces decreased from the figure of 1,605 (including 1,386 which were the autonomous forces of towns and villages) in 1947, when they first came into being, to 402 (including 127 forces of towns and villages).

## (2) Transfer to prefectural police forces

Under a full-scale revision of the Police Law in 1954, the concept of local autonomous police forces was abolished, and authority over them was transferred to prefectural police forces. Five large cities continued, right up until the last moment, to express their hopes that they could retain their autonomous police forces, and at the time of revision of the law, scenes of uproar and confusion could be seen in the National Diet.

## **2.3 Abolition of the public election of boards of education**

### (1) Election of the board of education members in all municipalities

In 1948, for the first time in Japan, election of the members of boards of education took place in all the Japanese prefectures, in 9 large cities, and in those municipalities (cities, towns and villages) which had voluntarily decided to establish a board of education. It was further decided in 1951 that boards of education were to be established in all municipalities, and that simultaneous elections would be held throughout the country. A large proportion of the numbers of persons elected comprised serving teachers, former teachers, and education specialists, and the level of interest among the Japanese people as a whole was low, as shown by the fact that the level of voting in large cities fell below 50%, and other factors. Voices opposed to the system continued to be heard from such bodies as the National Governors' Association, the Japan Association of City Mayors, and the National Association of Chairmen of Town and Village Assemblies, complaining that when the direct election of governors and mayors was also taken into consideration, the cost was very high, and stating that the system adopted did not suit the national circumstances of Japan.

### (2) Abolition of the public election of board of education members and establishment of a centralized education system

In 1951, with the enactment of the "Law concerning the Organization and Functions of Local Educational Administration", the system of public election of board of education members was abolished. Instead, it was stipulated that members were to be appointed by the head of each local public body with the consent of the assembly, and further, that the superintendents of prefectural boards of education should be appointed with the approval of the Minister of Education, and the superintendents of municipal boards of education should be appointed with the approval of the prefectural board of education.

It was also stipulated that in the case of prefectural boards of education, the Minister of Education, and in the case of municipal boards of education, the prefectural boards of education, should provide the necessary advice, guidance and assistance to enable the respective bodies to handle educational matters in a proper manner.

Authority to handle personnel matters in municipal elementary and lower secondary schools should be vested in prefectural boards of education, on the basis of recommendations forwarded by municipal boards of education. As a result of the points set out here, central government control was strengthened, and the responsibilities of central government in education became very heavy.

## **2.4 Revision of the Local Autonomy Law**

### **(1) Revision of the Local Autonomy Law in 1952**

In consideration of the fact that despite the enactment and enforcement of the Local Autonomy Law, local government in Japan rested on very weak and shaky foundations, and with a wish to strengthen local autonomy, and at the same time, simplify and rationalize the organization and the operation of local governments, the Local Autonomy Law was revised in 1952. A central objective that was kept in mind during the revision period was the need to get rid of the distrust of local autonomy reflected in uneconomic and inefficient practices.

The main content of the 1952 revisions to the Local Autonomy Law is as follows.

#### **1) Abolition of the public election system of ward mayors**

According to the revision of the Tokyo metropolitan government system in 1946, Tokyo wards were given the status of special local public bodies, and principle, the same regulations were applied to them as were applied to cities; they were given the authority to enact bylaws and to levy taxes, as well as to issue bonds, and ward mayors were publicly elected. However, it became necessary to guarantee as far as possible a unified means of settling administrative matters that arose between metropolitan Tokyo and the special wards, and among the special wards themselves, and under the revision of the Local Autonomy Law in 1952, the public election system of ward mayors was revised, and in future it was stipulated that mayors were to be appointed by the governor of Tokyo with the consent of the ward assembly. Subsequent to this, however, because of such factors as the development of a multi-party system in ward assemblies, the phenomenon could be observed whereby, after the expiration of the term of office of a ward mayor, it was impossible to appoint a successor, so that long periods of time during which there was no mayor, elapsed. As a result, the public election system of ward mayors was restored in 1975.

#### **2) The subjection of duties to the law and regulations pertaining thereto**

In order to avoid making it easy for duties to be forced onto local governments, it was stipulated that all duties delegated to local governments and their organs as well as the

burden of expenses pertaining to such duties must without fail be backed up by laws or by regulations based on the said laws.

**3) Transfer of authority to enable a government minister or a prefectural governor to make recommendations to municipalities**

Authority was given to the Prime Minister or to prefectural governors to approve technical advice or make recommendations aimed at contributing to the rationalization of the organization and the management of local governments. Furthermore, each minister was given authority vis-à-vis prefectural governors or prefectural committees, and each prefectural governor authority vis-à-vis municipalities or municipal committees within the prefecture, to approve technical advice and to make recommendations concerned with the management of duties within their respective jurisdictions..

**4) Establishment of a system enabling municipal local governments to address demands to the prime minister, respective individual ministers or prefectural governors**

A system was newly established whereby a municipal local government was enabled to demand of the prime minister or the respective minister in charge, or a prefectural governor, that a comprehensive audit or an audit in respect of the duties of the officer in charge be carried out, and that technical advice and/or recommendations be issued on the basis of the findings of the audit.

**5) The simplification of assemblies**

It was stipulated that the set number of members of a prefectural assembly could be reduced by means of a bylaw, and that the number of regular meetings of an assembly was reduced to 4 times a year.

**6) Regulations for prefectural bureaus and departments**

Formerly, it was determined by law which bureaus and departments within a prefecture should be obligatory and which should be established voluntarily, but under the revision of the law, the minimum and maximum number of bureaus and departments was set at 4 and 10 respectively, in line with population numbers, and prefectures were enabled to establish bureaus and departments by means of bylaws. It was further stipulated that the hitherto obligatory nature of the posts of vice-governor, deputy mayor of a city, and deputy chief cashier should be reviewed, and that it could be established through bylaws whether or not these posts were necessary.

#### 7) Reduction of the set number of administrative committee members

It was stipulated the set number of election supervision committee members and of audit committee members should be reduced, and that in principle, members of administrative committee should be regarded as working on a part-time basis.

#### 8) Encouragement of municipal mergers

Prefectural governors were given the authority to decide on merger plans and to make recommendations to the municipalities concerned. It was further made an obligation that such plans should be submitted to the Prime Minister's office, and that mechanisms necessary to promote such mergers should be established within central government administrative organs.

#### 9) Encouragement for the joint disposal of duties

As methodologies for the joint disposal of duties by local governments, 3 new mechanisms were established in addition to the already existing partial-affairs associations, namely the setting up of joint conferences, the joint establishment of organs and employees, and the entrusting of duties to external bodies.

### (2) 1954 revision of the Local Autonomy Law

#### 1) The First Report of the Local Government System Research Council

In 1952, with a view to achieving the further development of local autonomy, the government established the Local Government System Research Council, which had the aim of undertaking a full-scale examination of the system of local autonomy (=local government), centering on the system of prefectures and large cities.

In October 1953, the Council submitted its "Report concerning Reform of the Local System" to the office of the Prime Minister. The contents of the report covered a very wide area, including the following: items concerned with the kind, scale, and allocation of the duties of local bodies; items concerned with the system of local public servants; items concerned with the relationships between local governments and central government branch offices; items concerned with the structure and operation of assemblies; items concerned with the relationship between local governments and residents; and items concerned with the system of large cities.

#### 2) Revision of the Local Autonomy Law in 1954

As detailed above, the scope of the 1953 report by the First Local Government System Research Council was very wide, and against the background of the many items in the

report that required further examination, small-scale reforms were carried out, such as items concerned with the need to promote municipal mergers, and the abolition of local autonomous police forces.

The main thrust of the content, however, was concerned with raising the minimum level of population required for the formation of a city from 30,000 to 50,000, and the establishment of regulations concerned with the administration of “property wards” in a way that reflected the wishes of the inhabitants of such wards.

### (3) Withdrawal of reform plans in 1955

In 1955, a draft reform of the Local Autonomy Law, comprising content focused primarily on curtailing the functions and limiting the activities of local assemblies was presented to the National Diet, but did not get beyond the investigation stage as a result of strong opposition from supporters of local assemblies.

### (4) Revision of the Local Autonomy Law in 1956

It was in 1956 that the Local Autonomy Law was revised. The content of the reform consisted primarily of clarification of the respective functions of prefectures and municipalities (cities, towns and villages), creation of the system of designated cities, and simplification and rationalization of the operation of assemblies.

It was stipulated in the reform that municipalities were the fundamental organs of local government as the organs closest to local residents and responsible for carrying out duties which were directly connected to everyday activities; prefectures, on the other hand, carried out duties that extended over a wide area and that needed to be dealt with in a uniform manner, and were also responsible for liaising with municipalities and for undertaking duties of a scale at which it was inappropriate for them to be carried out by general municipalities.

## **2.5 The debate on large cities**

From the time when the system of cities was first introduced in Japan in 1889, 6 large cities, namely Tokyo, Yokohama, Nagoya, Kyoto, Kobe and Osaka, sought the status of special cities, a status established by means of a revision in the Local Autonomy Law in 1947.

Special cities were defined in law as cities with a population in excess of 500,000, were regarded as independent of the prefectures within the territory of which they were located, and were enabled to carry out the functions of both prefectures and cities.

However, a fierce debate took place between the 5 large cities and the prefectures in which they were located concerning the enactment of the law designating special cities. For their part, the 5 large cities maintained that the quality of the administration required in a large city was

fundamentally different from that required in a small or medium-sized city, and that large cities were subject to a dual set of administrative demands, from the central government and from the prefecture in which they were located, and that this ran counter to the aims of simplifying and increasing the efficiency of their administration. For their part, the prefectures asserted that the dual system of administration divided between central government and large cities could be solved by a re-allocation of administrative duties, that the amount of land remaining to the prefecture in question if large cities were to become independent would weaken the prefecture and make administrative management impossible, and that, given that a debate was beginning on the integration of prefectures and the formation of a regional system, the debate about large cities should take place within a wider debate about the prefectural system as a whole.

With regard also to legal issues, because Japan has the system of a special law applicable to one public local entity, for the enactment of which the approval of a majority of voters in the public entity concerned is required, the question arose as to whether the voters in a large city are classified as belonging to the city or to the prefecture. According to the views expressed by GHQ, the approval or disapproval of electors belonging to each prefectural unit was considered necessary, and it was felt that the introduction of a system of special cities would be difficult.

The “designated city system” introduced by the revision of the Local Autonomy Law in 1956 left the dual system of prefectures and municipalities (cities, towns and villages) as it was, and by means of a re-allocation of administrative duties and, accompanying this, a re-allocation of financial resources, it was determined that, in principle, duties should be carried out on the basis of the different kinds of individual laws, and that, while large cities should be independent of prefectures, the administration of central government and cities should be carried out even more strongly in a unified manner. At the time when the “designated city system” was created in September 1956, the cities included within the system were Yokohama, Nagoya, Kyoto, Kobe and Osaka. In 1963, Kita-Kyushu City was added, and in 1972, Sapporo, Kawasaki and Fukuoka were also added. At the present time, given also the loosening of conditions in the wake of the Great Heisei Consolidation, the total of large designated cities amounts to 19.

## **2.6 Report on “The Local System”**

In 1957, the Fourth Report of the Local Government System Research Council was issued with the title “Local Regions (Draft)”. The report recommended that prefectures should be abolished, that the whole country should be divided into “blocks”, and that the Chief of each “block” (= local region) should be appointed by the Prime Minister with the agreement of the corresponding assemblies. The members of each “regional assembly” should be directly elected and should have a term of office of 4 years; duties handled by branch offices of central government should, as far as at all possible, be transferred to the “regions”, and the existing

branch offices of central government should be abolished. Further, the duties currently handled by prefectures should as far as at all possible be transferred to municipalities.

The document entitled “Local Regions (Draft)” was approved by a very narrow majority, and was submitted together with a “Minority Opinion”, entitled “Merger of Prefectures”, which proposed that a number of prefectures should be unified into a single unit, and that the Chief of the newly merged unit should be publicly elected.

The National Governors’ Association strongly opposed the “Local Regions (Draft)” document, but it was strongly supported by representatives of the Japan Association of City Mayors, the National Association of Towns and Villages, and the National Association of Chairpersons of City Councils.

## **2.7 Establishment of the system of local public servants**

### **(1) Enactment of the Local Public Service Law**

With a view to confirming basic standards regarding personnel administration in local governments, the Local Public Service Law was enacted in 1950, and implemented in stages from 1951 onwards. It was stipulated in the law that local public service personnel administration should be determined by bylaws enacted by local governments on the basis of the Local Public Service Law. The implementation of the law made only slow progress, but bylaws were enacted one after the other. It was also stipulated that as a result of the enforcement of regulations concerned with employee organizations, labor unions were changed into such organizations.

With regard to prefectures and the 5 large cities referred to above, with a few exceptions, personnel committees were established by the deadline of 1951, but equity committees (see below) had still not been established in many local governments by the same deadline.

### **(2) Revision of the Local Public Service Law in 1952**

The Local Public Service Law was revised in 1952 from the standpoint of simplifying local administration. Specifically, it was stipulated that towns with a population of less than 150,000, which until that date, had been able to establish personnel committees, would henceforth only be able to establish equity committees. In line with this stipulation, a system of externally consigning equity duties was also established. In anticipation of these developments, 2 laws were enacted, namely the “Law concerning the Pension for Employees of Towns and Villages”, and the “Law concerned with the Exemption of Disciplinary Action and Other Matters in relation to Public Servants”.

### (3) Draft of the Compulsory Education School Personnel Law

According to the Law concerning the National Treasury's Share of Compulsory Education Expenses, enacted in 1952, it was stipulated that from 1953, half the amount of the salary paid to teachers in compulsory education schools would be paid by the national treasury. However, the Ministry of Finance expressed strong opposition to the said law, while on the other hand, it was supported by the then Ministry of Education. As a result, the draft of the Compulsory Education School Personnel Law, which was designed to give teachers in compulsory education schools the status of public servants, was submitted to the National Diet in 1953, but the draft was annulled as a result of the dissolution of the House of Representatives.

### (4) Cabinet resolution "Concerning the Personnel Disposition of Local Public Servants"

In 1954, a cabinet resolution "Concerning the Personnel Disposition of Local Public Servants" was endorsed; according to the resolution, personnel reductions were to be made as follows: prefectures and the 5 large cities: 5.5%; cities: 5%; towns and villages: 4%; police force employees: 30,000 persons; and university and upper secondary schools: 2%. It was also stipulated that a proposed increase in elementary school personnel was to be held at 30,000 persons. These measures were to be implemented in fiscal 1954, and the terms of validity were set at 2 years for general employees of prefectures and cities, and 4 years for police force employees. Since that time, central government has been directly intervening in the personnel matters of local governments.

### (5) Limitations on the political activities of educational public servants

Under the revision of the Special Law concerning Educational Public Servants in 1954, the duties of educational employees at local public schools were deemed to have a special character, and restrictions on their political activities were strengthened in comparison with those of general local public servants, in line with the example of educational employees at national schools.

In order also to preserve education in compulsory education from inappropriate political influences, and to maintain the political neutrality of compulsory education, the same year saw the enactment of the "Law concerned with the Maintenance of Political Neutrality in the Education at Compulsory Education Schools."

### (6) Revision of the Police Law

In 1954, accompanying the abolition of local police forces and the launch of the prefectural police system, the Police Law was revised. In the revision, it was stipulated that matters concerning local police, such as recruitment, salary levels, working hours and other working

conditions, service conditions, and public disaster compensation, would be determined by using the criteria applicable to members of the National Police Agency, who had the status of national public servants. It was further stipulated that the chief of the national police headquarters, a national public servant, was responsible for appointing members of local public forces, who had the status of local public servants.

#### **(7) Enactment of the Mutual Aid Association Law for Municipal Employees**

1954 saw the enactment of the Mutual Aid Association Law for Municipal Employees, under which the system of a retirement pension and a retirement bonus payment was established for municipal employees. In this way, in the same way as the National Public Servants' Mutual Aid Association Law, which targeted prefectural employees, a system of mutual aid was also established for local (municipal) public servants, and in accordance with this provision, the Municipal Employees' Mutual Aid Association was established in 1955.

#### **(8) Opening of the Local Autonomy College**

It was very soon after the end of the war that plans were drawn up, with the strong support of local government bodies, for the establishment of a central government organ designed to provide training facilities for local public servants. On the basis of the enforcement in August 1953 of the Law for the Establishment of a Local Autonomy College, the College, located in Azabu, Tokyo, opened its doors in October 1953 as an organ of the then Local Autonomy Agency.

### **2.8 Enactment of the Local Public Enterprise Law**

In 1952, the Local Public Enterprise Law and the Local Public Enterprise Labor Relations Law were enacted to cover local public enterprises in such areas as water supply, transport and communications, hospitals, and so on, which fell within the jurisdiction of the Local Autonomy Law and the Local Public Service Law. In order that efficient management which took account of the strengths and weaknesses of private-sector enterprises could be achieved, it was determined by the above laws enacted in 1952 that enterprise managers should represent the appropriate local government in the implementation of enterprises, that the accounting system found in private-sector enterprises should be used, and that enterprise employees should be granted the right to organize and to engage in group negotiations.

## **3 Establishment of the Ministry of Home Affairs**

### **3.1 Establishment of the Local Finance Committee**

As an organ providing powerful support to local governments in the area of local finances,

and with the specific objective of adjusting the financial relationships between central government, prefectures and municipalities, the “Local Finance Committee” was established in 1950 within the jurisdiction of the Prime Minister’s Office as an organ which would take forward the realization of the spirit of local autonomy. The planning of a local tax and financial system fell within the authority of the Local Autonomy Agency, and the Local Finance Committee was fundamentally an implementing organ.

### **3.2 Establishment of the Autonomy Agency**

It was felt to be unnatural and inefficient for the authority of administrative organs concerned with local autonomy to be divided between the Local Autonomy Agency and the Local Finance Committee, and in consideration of the fact that this arrangement lacked rationality, the Autonomy Agency was created in 1952 as an external bureau of the Prime Minister’s Office by means of combining the Local Finance Committee, the Local Autonomy Agency, and the National Election Administration Committee.

### **3.3 Establishment of the Ministry of Home Affairs**

Subsequent to the above developments, against the background of greater weight being placed on local autonomy within the context of national policy, the Ministry of Home Affairs was created in 1960 by the merger of the Autonomy Agency and the National Fire Service Headquarters.

## **4 The promotion of municipal mergers**

### **4.1 Enactment of the Municipality Merger Promotion Law**

On the occasion of the issuing of the Kambe Recommendations, and taking as a precondition a further allocation of duties to municipalities, the Municipality Merger Promotion Law was enacted in 1953 as a time-limited law, with its validity set to expire at the end of September 1956; the aim of the law was to promote merged municipalities of a scale and a size that would enable administrative duties to be carried out efficiently. Central government provided leadership, and municipal mergers were taken forward all over the country.

From the standpoint of municipalities, the minimum necessary requirements to be taken into consideration were that it should be made possible for them to manage lower secondary schools independently, and that administrative duties concerned with welfare and livelihood protection, preschool care and education, firefighting, water supply, and the daily life of residents should be positively tackled.

## **4.2 The content of support mechanisms created by the Municipality Merger Promotion Law**

### **(1) Special measures concerning the term of office and set numbers of assembly members**

In order that the loss of a post as an assembly member should not constitute a hindrance to the development of mergers, it was stipulated that for the period of 1 year after the completion of a merger, all the assembly members of the municipalities that existed before the merger should be able to remain as members of the assembly of the new municipality, or that for a set period of tenure after the merger, the set number of members of the assembly of the newly merged municipality should be permitted to rise to twice the number prescribed in the Local Autonomy Law.

### **(2) Safeguarding the Local Allocation Tax**

With regard to the amount of local allocation tax, it was determined that for a period of 5 years after the completion of a merger, the total amount of local allocation tax accruing to the municipalities that merged would be calculated as if the merger had not taken place.

### **(3) Special financial measures other than local allocation tax**

With regard to enterprises based on construction plans formulated by a newly merged municipality, it was stipulated that local bonds could be issued as a source of finance for such enterprises, and that a national treasury subsidy from each ministry would be given preferential treatment in the case that it was made to a merged municipality.

Special measures to lower the cost of nationally owned assets or national forest land needed for the implementation of construction plans in the newly formed municipalities were approved.

## **4.3 The progress of mergers of towns and villages**

### **(1) Basic planning decision on municipal (town and village) mergers**

In October 1953, the government issued as a cabinet resolution a Basic Municipality Merger Promotion Plan, targeting 7,832, namely 95% of the 8,245 towns and villages with populations of less than 8,000 persons. The plan aimed to reduce the number of merged municipalities to about 3,373, representing one-third of this number.

### **(2) The development of town and village mergers**

In 1956, when the validity of the time-limited Municipality Merger Promotion Law expired, the number of merged municipalities (towns and villages) had decreased from about 9,500 to about 3,500. It should also be noted that the number of municipalities with a population of less

than 5,000 decreased from 6,669 to 329.

Among the background reasons for the above are the fact that owing to the development of transport facilities, the dissemination of electronic communication, and the advance of industrialization, the area within which residents carried out their daily lives expanded beyond the old boundaries of a city, town or village, so it was rational to make the area of a municipality (city, town or village) match the area of daily life activity as closely as possible. There is also the factor that in the postwar years, there was a qualitative and quantitative increase in duties that were considered by central government suitable for municipalities to deal with, and it is reasonable to think that the former type of municipalities did not have a sufficiently strong administrative or financial base to enable them to meet this demand. A further factor is that financial support measures, including special local allocation tax, were ineffective.

#### **4.4 Enactment of the New Municipality Creation Promotion Law**

The New Municipality Creation Promotion Law was enacted in 1956 as a time-limited law, with the period of validity set at 5 years. Aimed at support for the implementation new municipal construction plans, the law was a device to enable central government and prefectures to provide cooperative support, and at the same time as determining various special measure laws, it was used to encourage mergers among municipalities that had not yet taken that step. As specific means of encouragement, prefectural governors issued recommendation, and when municipalities did not respond to these, plebiscites among residents could be arranged. When municipalities received recommendations from a prefectural governor and still failed to carry out preparations for a merger, there was the possibility of recourse to recommendations by the Prime Minister and to the use of sanctions imposed on recalcitrant municipalities.

Against the above background, it was stipulated that on the basis of “Guidelines for the Final Settlement of Municipal Mergers” issued as a Cabinet resolution in 1958, prefectural governors should determine the nature of the final settlement plans for municipal mergers, make a detailed investigation into the circumstances of municipalities which had not carried out mergers, and devise such measures as were required to accelerate the said mergers.

## **5 Reform of the local taxation system**

### **5.1 The reform of 1951**

The local taxation system created in 1950 was slightly revised in 1951. The main contents of the revision were as follows: a corporate tax rate was established within the framework of municipal residents’ tax; a tax withholding system was created for income earners; a system of national health insurance tax was created; and a new tax rate formula was added to the tax rate for individual residents, increasing the range of formulae options from 3 to 5.

## **5.2 The reform of 1952**

### **(1) The expansion of non-tax devices in the National Diet**

Unlike the thinking and the direction of central government, large-scale revisions were carried out in the National Diet, taking the form of an expansion of tax reductions and of tax-free areas; specifically, with the aim of lightening the burden imposed by special taxes on taxpayers, tax reductions were implemented in respect of business tax, entertainment (eating and drinking) tax, hot spring bathing tax, etc. Support devices were also implemented to compensate for revenue reductions.

### **(2) The main contents of the revision**

With regard to individual business tax, a basic tax deduction was established, and as a result of National Diet revisions, the scope of items not subject to business tax was widened to include, in addition to daily newspaper publication businesses, the newspaper transporting business, the handling of newspaper advertisements, and the publications business. It was also stipulated that neither business tax nor special income tax would be levied on income accruing from social insurance medical examination and treatment, and that at the same time as approximately halving the tax rate levied on hot spring bathing and on entertainment (eating and drinking), the scope of non-taxable items was expanded. In addition, the fixed property tax rate levied on newly established electricity generating businesses was lowered for the first 3 years of operation.

## **5.3 The reforms of 1953**

Minimum necessary reforms were carried out, whereby in addition to the stipulation that fixed property tax would not be levied on the fixed property of local chambers of commerce and industry, on the offices and warehouses belonging to agricultural cooperatives, or on hospitals and sanatoria belonging to health insurance unions, it was also stipulated that businesses concerned with supplying school textbooks would be exempt from taxation.

## **5.4 The reforms of 1954**

### **(1) The large-scale reform of the Shoup tax system**

The large-scale reforms implemented by the Shoup tax system had the primary objective of expanding and strengthening prefectural taxation. The main content of the reforms consisted of the creation of a prefectural inhabitants' tax resulting from the transfer of part of the municipal inhabitants' tax, the creation of tobacco consumption tax and real estate transaction tax, the partial transfer of benzene tax, and a lowering of the tax rates in respect of individual business tax and fixed property tax.

## (2) The creation of a prefectural inhabitants' tax

The objectives of creating a prefectural inhabitants' tax resulted mainly from the fact that the said tax consisted mainly of taxable items concentrated in urban areas such as business tax, entertainment (food and drink consumption) tax, and automobile tax, and that resulting from this, there was a need to diversify the scope of prefectural administrative expenses, in particular, by taxing the inhabitants of agricultural and mountain villages. However, with a view to reducing the cost of collection and the burden on taxpayers, the mechanism stipulated was one whereby prefectures would not collect individual prefectural tax payments on their own account, but would delegate, on the basis of laws, the business of tax collection to municipalities, which would collect prefectural tax and municipal tax at the same time, and then transfer the total amount of prefectural tax collected to prefectures.

## (3) Creation of a hot spring bathing transfer tax

Under the reforms of 1954, excluding the hot spring bathing tax which formed an integral part of tax on the usage of places of entertainment, the revenue from the hot spring tax levied as a separate taxable item was transferred in its entirety from prefectures to central government, after which nine-tenths of this tax revenue was returned to prefectures, with one-tenth being retained by central government. Hot spring bathing tax, which constituted approximately 15% of prefectural tax revenue, was thereby transferred to national taxation, and heralded the full-scale implementation of transfer tax as a process of adjusting the revenue derived from prefectural taxation.

### **5.5 The reform of 1955**

The local tax reform of 1955 was implemented primarily as a technical revision of fiscal administration continued from the previous fiscal year, and in addition included a rise in tobacco consumption tax.

### **5.6 The creation of light car tax**

By means of the local tax reform of 1958, a light car tax was newly created as a municipal tax which targeted small cars in addition to small motorbikes and power-assisted bicycles.

## **6 Review of the local financial system and creation of the local allocation tax system**

### **6.1 Problem points in the Local Finance Equalization Grant system**

With regard to the local finance equalization grant system, a number of problem points emerged following its introduction. Firstly, the formula adopted was one whereby a decision on

the total amount of the local finance equalization grant took the form of deducting local financial revenue from local financial demand by local government, and totaling the shortfall, but the debate didn't end with the compilation of the national budget. Looking at the problem from the standpoint of local governments, it always happened that local financial demand was set at an excessively low figure, so that the amount of the grant budgeted for at a national level was insufficient to meet requirements. Furthermore, under the influence of the Dodge line, national budgeting was carried out at a high austerity level, and centralization policies received an additional spur from the Korean War and the ending of the occupation of Japan.

The Local Finance Committee made repeated submissions of its opinion to the National Diet, but no increase in the national grant was made by the Diet.

Against this background, the scale of the local financial plan as calculated by local governments fell lower and lower every year below the amount of settled accounts, with the difference expanding from just under 9% in fiscal 1951 to just over 14% in fiscal 1953.

It has also been pointed out that the increase in the minus balances of local governments, which resulted in a growing dependency of local governments on central government, did not arise as a result of a lack of management efforts on the part of local governments themselves, but were increasingly seen as being due to the insufficiency of the financial equalization grant.

Against this kind of background, the Local Financial Equalization Grant Law was partially revised in 1954, and in the same year, the local allocation tax system was created.

## **6.2 Creation of the local allocation tax system**

The total amount of local allocation tax is determined by law as a set percentage of national tax (20% of personal income tax, corporate tax and liquor tax). It is further stipulated that, in a case where the total amount of local allocation tax is markedly different from the total local government revenue shortfall, either revision of the local government administrative and financial system or revision of the tax rate in relation to the three targeted national taxes (income tax, corporate tax, liquor tax) should take place. In actual fact, even in the context of very severe financial conditions experienced by local governments, almost no revision of the local allocation tax rate was carried out.

In terms of its status, local allocation tax is conceived of as an independent source of revenue outside the possession of local government, and carries out the function of providing a financial guarantee to local government administration.

In the National Diet at the time in question, the debate centered on the question of the percentage of the 3 national taxes at which the local allocation tax should be set. In the end, the decision was made to set the rate at 22%.

### **6.3 Return of the system of having the national treasury bear a share of compulsory education expenses**

As a result of local financial reforms accompanying the recommendations of the Shoup Report, the system whereby the national treasury bore a share of compulsory education expenses was abolished, and with a view to strengthening the autonomy of local governments, it was stipulated that the source of revenue for compulsory education expenses should be the local finance equalization grant.

However, against the background of such factors as the divergence of teachers' salaries in different prefectures, and the opinion expressed by the National Governors' Association that the entire cost of compulsory education should be borne by the national treasury, the Law concerning the National Treasury's Share of Compulsory Education Expenses was enacted in 1953, and the system whereby the national treasury should bear a share of compulsory education expenses was resuscitated.

Many different points related to the above issue were debated including the question of determining the share to be borne by the national treasury on the basis of theoretical salary figures and the set number of teachers, and the result was that it was decided that one half of the salaries of teachers in compulsory education schools should be borne by the national treasury (with the proviso that in exceptional circumstances, an upper limit should be determined by government ordinance), and that the cost of teaching materials should be decided by using the numbers of pupils as a criterion.

### **6.4 The impoverishment of local finances**

#### **(1) A worsening of the financial situation in the context of special procurements for Korea**

As a result of the expansion of special procurements accompanying the increase in new administrative duties in the postwar period, local finances experienced a serious worsening. In fiscal 1951, tax revenue increased by 44% over the previous fiscal year, under the influence of special procurements for the Korean War, which broke out in 1950; such factors as a rise in the price of commodities, revision of the salaries of local public servants, the cost of damage repair work, and the cost of increasing and renovating compulsory education facilities, resulted in a rapid worsening of the financial situation, so that local finances slipped further into confusion.

A further effect of the increase in taxation revenue was that, since it was concentrated on corporate business tax and municipal inhabitants' corporate persons tax, it resulted in a further increase in disequilibrium among local governments in terms of financial capacity.

#### **(2) A further worsening of the financial situation in fiscal 1952 and 1953**

In fiscal 1952, in addition to a further salary revision following the return to normal

procedures in the form of the salary revision carried out in the previous year, expenditures increased as a result of an increase in the number of public enterprises, a rise in the cost of living, and other factors. On the other hand, special procurements came to an end due to a cease-fire agreement in the Korean War, and as a result of this and the halving of the tax rate in respect of the hot springs bathing tax and the entertainment tax, local finances became even more severely impoverished.

Against this kind of background, the number of local governments actually in deficit as shown by the settlement of accounts for 1952 increased more than 3 times to a total of 2,631, and the total deficit amounted to about 30 billion yen, around triple that of the previous year's figure.<sup>1</sup>

In the following year, fiscal 1953, the situation became even more severe. In March, when the budgetary examination was carried out in the National Diet, the proceedings broke up in disorder without a budgetary vote being carried. Further disasters comprised damage from cold weather in February and March of the same year, while in the late summer and autumn, western Japan was hit by torrential rain and typhoons. When the effect of these phenomena was added to the annual revision of salaries, budgetary demands showed a further steep increase. On the other hand, as a result of continuing economic stagnation and local tax rate reductions, there was no increase in taxation revenue, and the local finance equalization grant device showed its inadequacy. In this situation, the number of local governments substantially in the red in terms of the amount of settled accounts at the end of fiscal 1953 amounted to 39 prefectures and 1,685 municipalities, and the cumulative deficit amounted to an enormous sum.<sup>2</sup> In local governments affected in this way, austerity measures that were attempted included a freeze on salary rises, administrative downsizing, and pressure on enterprises. There were also cases in which salary payments to employees were delayed.

Looking at the actual deficit in terms of the amount of settled accounts at the end of fiscal 1954, the number of local governments in deficit amounted to 2,281, or 40% of the total; particular note should be taken of prefectural deficits, totaling 34.<sup>3</sup> From fiscal 1952 onwards, the cumulative deficit stood at about 20 billion yen, reaching about 64.9 billion yen at the end of fiscal 1954.<sup>4</sup>

### (3) The Local Government System Research Council suggestion: Enactment of a Special Measures Law to Promote Financial Rebuilding

In the circumstances as described here, the Local Government System Research Council regarded the need to rebuild local finances as an important matter, and in October 1953, issued a report entitled "Enactment of a Special Measures Law to Promote Financial Rebuilding".

#### (4) Enactment of the Law to Promote Local Financial Rebuilding

In December 1955, the Law to Promote Local Financial Rebuilding was enacted, and on the basis of this law, financial rebuilding projects were taken forward in 18 prefectures, 180 cities, and 400 towns and villages, amounting to 598 local governments in total.

Financial rebuilding plans incorporated revenue increase plans, with content that covered such matters as taxation that exceeded standard rates for residence tax, business tax, and fixed property tax, and expenditure reduction plans with content covering such matters as restraining personnel expenditure through such measures as employee downsizing. In addition to the efforts made by the public bodies engaged in financial rebuilding, the period of high-speed economic growth started at this time; mention should also be made of such factors as the “Jinmu boom” (named after Emperor Jinmu in the 7th century B.C.) and the “Iwato boom”, and, from 1956, the rise to 25% in the local allocation tax rate, the creation of light oil transaction tax and city planning tax, the creation of a municipal grant and payment system in relation to nationally owned properties, and a rise in the national treasury share of expenditures on public enterprises. As a result of these and other related factors, local financial rebuilding moved forward in an orderly manner, and by 1961, the deficit problem had largely been eradicated.

In the 1956 Economic White Paper, the favorable conditions of the previous year is reflected, and it is duly noted that “we are no longer in a postwar climate”.

### **6.5 Other local financial arrangements**

#### (1) The creation of a system of grants to municipalities in which a military base exists

In 1957, special assistance grants were given to municipalities which housed a military base for U.S. forces or a base for the Japanese Self-Defense Forces, and it was in order to provide a legal basis for this arrangement that the “Law on Grants to Municipalities where Nationally Provided Facilities are Housed” was enacted.

#### (2) The creation of public enterprise finance corporations

Against the background of an increase in new or improved water supply enterprises, or in new or improved hospital enterprises, the Publicly Managed Enterprise Finance Corporation was established in 1957 as a device to provide low-interest, stable funding to water-supply enterprises, transport and communications enterprises, hospital enterprises, and so on, managed by local public bodies (= local governments).

#### (3) Raising the local allocation tax rate

According to the reform of the Local Allocation Tax Law in 1958, the tax rate was raised from 26% to 27.5%, and the division between the ordinary local allocation tax and the special local

allocation tax was revised from 92% and 8% to 94% and 5% respectively.

## **7 Other major system revisions**

### **7.1 Implementation of a residential registration system**

Residents living within the area of jurisdiction of a local public body have the right, for example, through the right of voting, to participate in the administration of the said body, and in addition to this, have various kinds of links with the administration through such matters as attendance of children at compulsory education schools, national health insurance, and so on.

Whether or not a person is a resident within a local government body is determined by whether the person has a residential address within the area of jurisdiction of the body concerned, i.e. carries on the business of daily living there. In order to determine such matters, it is necessary for the administration to grasp who has a residential address within the city, town or village concerned. Formerly, registration was carried out in a haphazard manner depending on the administrative objective involved, so as a system of unifying registration, the Residents' Registration Law was implemented in 1951, creating a residents' registration system.

The administrative duties entailed by the introduction of the above system were made the duties of municipalities, which for their part composed a table of residents, taking a household as the basic unit and listing the name, age and address of each resident. It was further stipulated that any items, for example, change of residence, in the items recorded should be notified by the resident concerned or, if appropriate, by the local government itself.

However, despite the introduction of a new system, there were cases where the former system of recording details in a haphazard fashion according to the administrative purpose still remained unchanged.

### **7.2 Universal health insurance**

According to the 1948 revision of the National Health Insurance Law, compulsory participation in a municipally managed national health insurance program was stipulated, but there were municipalities which did not implement the national health insurance scheme, and the collection rate of health insurance charges dropped, so that health insurance finances were placed in a precarious condition.

In these circumstances, the New National Health Insurance Law was enacted in 1953. Under the revised law, it was made an obligation for municipalities to implement the national health insurance program by 1956. It was also stipulated that persons who were not insured under the employees' insurance program were to be compulsorily enrolled in the national health insurance program. The scope of insurance benefits was also improved in the same way as for the employees' insurance program, and the payment of benefits rose to over 50%. Furthermore, the

system of a national subsidy for the administrative expenses resulting from a municipal national health insurance program as well as for the provision of medical expenses would be turned into a system whereby the state was obliged to bear agreed expenses. Specifically, it was decided that the national government would bear all the administrative expenses and 20% of the provision of medical expenses, while 50% of the medical expenses would be borne by an adjusted grant. In this way, the national responsibility for a universal insurance program was made clear.

Through enactment of the law referred to above, universal health insurance was realized in April 1961.

Moreover, in parallel with the realization of universal insurance, on the financial front, the problem of medical expenses became very serious.

### **7.3 A universal pension scheme**

The National Pension Law was enacted in 1959. Previous to that time, public pension programs included the following: welfare pension for the employees of enterprises, etc.; a national public servants mutual aid association targeted at national public servants; a municipal employees' mutual aid association; a mutual aid association for employees of public enterprises, etc.; a mutual aid association for teachers in private schools; a mutual aid association for the employees of agricultural, forestry and fisheries enterprises, and a sailors' insurance program. Citizens of Japan who were not covered by any of these programs were outside the scope of public pensions, but by means of the enactment of the National Pension Law, every citizen was given coverage under the public pension program.

More specifically, the targets of the national pension program system were persons who were not enrolled in an existing public pension system, but it was stipulated that 1) the spouses of persons already enrolled in a public pension system and 2) students could be enrolled if they so wished. The insurance charges amounted to 100 yen a month, for persons aged 20 through 34, and 150 yen a month for those aged from 35 through 59. Pension recipients were divided into 5 categories: aged persons, disabled persons, mothers and infants, orphans and widows.

### **7.4 Strengthening regulations on dangerous substances**

It was normally the case up to the time in question that the handling of dangerous substances with a view to preventing the outbreak of fires was left to be settled by municipal bylaws. On the other hand, there were municipalities where no bylaws had been enacted, and areas where thorough implementation was not carried out due to insufficient technical knowledge. Through the revision of the Firefighting Law in 1954, all technical criteria concerning regulations on dangerous substances were to be determined by government ordinance, and authority to give permission on storing dangerous substances was located in the firefighting headquarters of the

municipality, or in a case where no such headquarters existed, in the office of the prefectural governor. It was further specified that all persons involved in handling dangerous substances should pass a qualification examination, to be conducted by the governor of the prefecture.

It should be noted that as of September 30, 1959, out of the 3,542 municipalities that existed at that time, a total of 410 municipalities housed a firefighting headquarters.

## **8 Development of specified areas**

### **8.1 Implementation of the National Land Comprehensive Development Law**

#### **(1) The content of the National Land Comprehensive Development Law**

In 1950, the National Land Comprehensive Development Law was enacted. The purpose of the law was “to utilize, develop and conserve national land in a comprehensive manner from the comprehensive perspectives of the economy, society, culture and the like, as well as making appropriate adjustments to production activities and at the same time to contribute to raising the standards of social welfare.”

With the above aims in mind, many different kinds of plans were determined, including a national comprehensive land development plan, local comprehensive development plans, prefectural comprehensive development plans, and comprehensive development plans for specified areas. The term “specified areas” denoted “areas in which the development of resources had been insufficiently carried out, in particular, areas deemed necessary for disaster prevention or urban areas as well as those adjacent to them housing facilities of a special nature or in need of refurbishment”.

#### **(2) Designation of specified areas**

The National Land Comprehensive Development Commission was established on the basis of the National Land Comprehensive Development Law, and set to work formulating criteria for the designation of specified areas; as a result of the Commission’s work, 51 areas in 42 prefectures were so designated.

For its part, the government acknowledged receipt of the report by the National Land Comprehensive Development Commission, and in 1951, the Prime Minister designated 19 specified areas. Subsequently, with the enactment of the Tohoku Development Promotion Law acting as a trigger, 3 additional areas were designated in Tohoku in 1957, and over the country as a whole, the land area taken up by designated specified areas amounted to one-third of the country’s total land area.

Turning to the comprehensive development of specified areas, the government set out as its objective national land conservation in such ways as the achievement of an increase in the production of food resources focused on river estuary areas, and the development of power

generation, and many river estuaries were designated as specified areas. Subsequently, over the course of several years, specified area comprehensive developments plans for a number of different areas were approved by decisions of the Cabinet, and with central government taking the lead, the concept of specified areas continued to be implemented.

## **8.2 The promotion of the Amami Island Group**

After World War II, the territory of the Amami Island Group was placed under the control of the American army, but in December 1953, Japanese sovereignty was restored.

In 1954, the Special Measures Law for the Reconstruction of the Amami Island Group was enacted. Using this law as a basis, a comprehensive restoration plan aimed at hastening the reconstruction of the Amami Island Group and cultivating importing industries, was formulated, and the implementation of projects designed to serve this end was set out as a specific objective. In October 1954, the Prime Minister determined on a 5-year Amami Island Group Reconstruction Plan. Subsequently, the duration of the plan was extended to 10 years, and many different projects were taken forward, including the establishment of cultural facilities, the reconstruction of important industries, such as pongee silk production and sugar refining, and the establishment of social welfare facilities.

## **8.3 The enactment of development promotion laws categorized by blocks**

### **(1) General background**

In 1950, the Hokkaido Development Law was enacted. Following this, a further three laws were enacted in 1957, namely the Tohoku Development Promotion Law, the Tohoku Development Company Law, and the Hokkaido and Tohoku Development Corporation Law. The trend continued in 1959 with the enactment of the Kyushu Development Promotion Law, and 1960 saw the enactment of the Shikoku Development Promotion Law, the Hokuiku Development Promotion Law, and the Chugoku Development Promotion Law. In the sphere of Japan's large cities too, 1956 saw the enactment of the Metropolitan Area Readjustment Law, replacing the earlier Capital Construction Law of 1960, while in 1963, the Kinki Region Readjustment Law, and in 1966, the Chub Region Development Readjustment Law were enacted.

### **(2) Enactment of the three laws concerned with the development of Tohoku**

In 1950, then Prime Minister Hatoyama announced the government's intentions regarding the development of Tohoku as a matter of government policy. And in 1956, in the National Diet, a "Resolution concerning the Development of Tohoku", jointly proposed by the Liberal Democratic Party and the Japan Socialist Party, was unanimously passed. In this kind of climate,

the “Tohoku Development Group” was established within the Economic Planning Agency, and an examination was carried out of such matters as laws to promote the development of Tohoku, the creation of the Tohoku Development Corporation, and the establishment of the Tohoku Development Agency.

In 1957, following the enactment of the Tohoku Development Promotion Law and the formulation of the Tohoku Development Promotion Plan, the Tohoku Development Commission was created, and on the basis of the Development Promotion Plan, various projects were implemented and funding secured.

Further, in the same year, the Hokkaido Development Corporation Law was revised, and the scope of the area targeted by the Hokkaido Development Corporation, which had been created in 1956, was extended to cover Tohoku; as a result, the name of the corporation was changed to the Hokkaido and Tohoku Development Corporation. Quite separately from this, the law concerning the Tohoku Kogyo Co., Ltd., established in 1936 to promote industry in the Tohoku region, was revised, and it was stipulated that the name should be changed to Tohoku Development Co., Ltd.

Further, without establishing the Tohoku Development Agency as such, the Tohoku Development Office was established within the Economic Planning Agency. Following this, in 1958, the Tohoku Development Promotion Plan with a proposed duration of 10 years was endorsed by means of a Cabinet resolution.

### (3) Enactment of the Kyushu Region Development Promotion Law

After the legal foundation of the development of the Tohoku region had been settled, development promotion laws with the same kind of content were enacted one after the other in respect of each of the blocks into which Japan was divided. In respect of large city regions too, beginning with the Tokyo metropolitan region, legal systems of the same kind were put in place. Subsequently, in the same way as the promotion of the various regional promotion systems, almost every area of the country was target as an area targeted for the promotion of special development, leaving a question mark over the significance of the term “special development”.

## [Notes]

- <sup>1</sup> Sakata, Tokio (1977) [in Japanese] *Gendai chihou jichi zenshuu. Chihou jichi seido no enkaku* [Complete works on contemporary local autonomy. The history of the system of local autonomy Vol I], Gyosei Corp. pp.317.
- <sup>2</sup> See Sakata (1977, pp.318-319)
- <sup>3</sup> See Sakata (1977, pp.327)
- <sup>4</sup> See Sakata (1977, pp.327)

## [References]

- Ohkubo, Toshiaki, ed. (1967 [in Japanese] *Taikei nihon-shi sousho. Seiji-shi III* [*A systematic library of Japanese history. History of politics III*], Yamakawa Shuppansha Ltd.
- Sakata, Tokio (1977) [in Japanese] *Gendai chihou jichi zenshuu. Chihou jichi seido no enkaku* [*Complete works on contemporary local autonomy. The history of the system of local autonomy Vol I*], Gyosei Corp.
- Editorial Committee for the Hundred –Year History of Local Autonomy, ed. (1993) [in Japanese] *Chihou jichi hyakunen-shi Dai 2-kan* [*Hundred-year history of local autonomy, Vol. 2*], Committee for the 40th anniversary of the Local Autonomy Law implementation and centenary of the promulgation of the local autonomy system.
- The Tokyo Institute for Municipal Research (2009) [in Japanese] *Chihou jichi-shi wo horu* [*Excavating the history of local autonomy*], The Tokyo Institute for Municipal Research.
- Miyachi, Masato, et al., ed. (2006) [in Japanese] *Shin. Taikei nihon-shi* [*A new systematic history of Japan*], Yamakawa Shuppansha Ltd.

[Attachment]

**Table 1 Population, National Income, Central Government Expenditure, Local Expenditure, Local Tax Revenue, Consumer Price Index over the Years**

(Unit: thousand people (population), billion yen (national income), million yen (central government expenditure, local tax revenue), hundred million yen (local expenditure), 100 (CPI year1960), % (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	Consumer price index	Percentage change
1952	85,800	-	5,085	-	873,942	-	8,240	-	307,766	-	82.6	-
1953	87,000	1.4	5,748	13.0	1,017,164	16.4	10,698	29.8	336,205	9.2	88.0	6.5
1954	88,200	1.4	6,022	4.8	1,040,761	2.3	11,702	9.4	367,497	9.3	93.7	6.5
1955	89,276	1.2	6,719	11.6	1,018,169	Δ 2.2	11,762	0.5	381,888	3.9	92.7	Δ 1.1
1956	90,172	1.0	7,628	13.5	1,069,204	5.0	12,414	5.5	449,924	17.8	93.0	0.3
1957	90,928	0.8	8,286	8.6	1,187,676	11.1	13,782	11.0	527,190	17.2	95.9	3.1
1958	91,767	0.9	8,519	2.8	1,331,562	12.1	15,040	9.1	543,932	3.2	95.5	Δ 0.4
1959	92,641	1.0	10,049	18.0	1,495,039	12.3	16,827	11.9	610,937	12.3	96.5	1.0
1960	93,419	0.8	12,000	19.4	1,743,148	16.6	19,928	18.4	744,236	21.8	100.0	3.6
Average rate of increase		1.1	-	11.3	-	9.0	-	11.7	-	11.7	-	2.4

[Source] Produced by author using the following publications.

- 1 Data for population was taken from "Hundred-year statistics of the Japanese economy" (Bank of Japan, Statistics Department, ed.)
- 2 Data for national income from 1930 to 1958 was taken from "The White Paper on National Income (FY 1963 Edition)" (Economic Planning Agency)  
Data for national income from 1959 to 1964 was taken from "The White Paper on National Income (FY 1965 Edition)" (Economic Planning Agency)
- 3 Data for central government expenditure was taken from "Hundred-year statistics of the Japanese economy" (Bank of Japan, Statistics Department, ed.)  
Central government expenditure is the general account expenditure.
- 4 Data for local expenditure was taken from "Hundred-year statistics of the Japanese economy" (Bank of Japan, Statistics Department, ed.)  
Local expenditure is the ordinary account.
- 5 Data for local tax revenue was taken from "Hundred-year statistics of the Japanese economy" (Bank of Japan, Statistics Department, ed.)  
Local tax revenue is the ordinary account.
- 6 Data for consumer price index was taken from "Hundred-year statistics of the Japanese economy" (Bank of Japan, Statistics Department, ed.)

## Volume 6 (1952-1960): The Revision of the Postwar System of Local Autonomy

Trends of the Era and National Policy	Trends in Local Autonomy (Local Administration / Local Tax and Finance Policy)
1951 (Apr.) Dismissal of General MacArthur, Supreme Commander of the Allied Forces (current)	1951 (Jan.) Communication concerning the National Autonomy Agency and promotion of municipal mergers (admin)
1951 (Apr.) Appointment of General Ridgway, Supreme Commander of the Allied Forces (current)	1951 (July) Implementation of the Residents' Registration Law (admin)
1951 (May) Declaration by General Ridgway (current)	1951 (Oct.) Announcement by the 5 large cities of the "Reasons favoring the introduction of the Special City System"(admin)
1951 (May) Establishment of the Government Ordinances Advisory Council (policy)	
1951 (June) Report by the Government Ordinances Advisory Council on the termination of the purge policy (policy)	
1951 (June) Report by the Government Ordinances Advisory Council on the Monopoly Prohibition Law (policy)	
1951 (June) Opinion by the Government Ordinances Advisory Council on the Labor Standards Law (policy)	
1951 (June) First stage in the termination of the purge policy (policy)	
1951 (Aug.) Second stage in the termination of the purge policy (policy)	
1951 (Aug.) Report by the Government Ordinances Advisory Council on reform of the administrative system (policy)	
1951 (Aug.) Establishment of the Administration Simplification Headquarters (policy)	
1951 (Sep.) Signing of the San Francisco Peace Treaty (current)	
1951 (Sep.) Signing of the Japan-U.S. Security Treaty (current)	
1952 (Apr.) Coming into force of the San Francisco Peace Treaty (current)	1952 (Feb.) "Reasons against the introduction of the Special City System", issued by the prefectures in which the 5 large cities were located.(admin)
1952 (June) Formation of a citizens' organization to eliminate corruption and unconstitutional practices from the election of National Diet members, etc. (current)	1952 (June) Implementation of partial revision of the Local Tax Law (finance)
1952 (Aug.) Start of the National Safety Agency (current)	1952 (Aug.) Enactment of partial revision of the Local Autonomy Law (admin)
1952 (Aug.) Establishment of the Local Autonomy Agency and the National Fire Service Headquarters (policy)	1952 (Oct.) Implementation of the Local Public Enterprise Law (finance)
1952 (Sep.) Implementation of partial revision of the Public Election Law (policy)	1952 (Oct.) Implementation of the Local Public Enterprise Labor Relations Law (finance)
1952 (Oct.) Change of the Police Reserve into the National Safety Reserve (policy)	1952 (Nov.) The third election of local board of education members (admin)
1952 (Dec.) Launch of the Local Government System Research Council (policy)	1952 (Nov.) Full-scale launch of the municipal board of education system (admin)
1953 (July) Cease-fire agreement at the end of the Korean War (current)	1953 (Apr.) Implementation of the Law concerning the National Treasury's Share of Compulsory Education Expenses (finance)
1953 (Oct.) Opening of the Local Autonomy College (policy)	1953 (Aug.) Implementation of a partial revision of the Local Tax Law (finance)
1953 (Sep.) Establishment of the Municipal Merger Promotion Headquarters (policy)	1953 (Oct.) Implementation of the Municipality Merger Promotion Law (admin)
1953 (Oct.) Cabinet resolution concerning the Basic Municipality Merger Promotion Plan (policy)	1953 (Nov.) Enactment of the Law concerning temporary measures to do with the application of the Law concerning the return to Japanese sovereignty of the Amami Island Group (admin)
1953 (Oct.) Report concerning Reform of the Local System by the Local Government System Research Council (policy)	1953 (Dec.) Return to Japanese sovereignty of the Amami Island Group (admin)
1953 (Dec.) Cabinet resolution concerning the basic direction of town and village mergers (policy)	

1954 (Mar.) American H-bomb test (current)	1954 (May) Implementation of a partial revision of the Local Autonomy Law (finance)
1954 (July) Agreement at the Geneva Conference on a cease-fire agreement in Indochina (current)	1954 (June) Implementation of the Special Measures Law for the Reconstruction of the Amami Island Group (admin)
1954 (July) Establishment of the Defense Agency and the Self-Defense Forces (policy)	1954 (June) Promulgation of the Law concerned with the Maintenance of Political Neutrality in the Education at Compulsory Education Schools (admin)
1954 (Oct.) Decision on the plan to return the Amami Island Group to Japanese sovereignty (current)	1954 (June) Promulgation of a partial revision of the Special Measures Law for Educational Public Servants (admin)
1954-1957 The Jinmu Boom (current)	1954 (Feb.) Cabinet resolution concerning the "Personnel Disposition of Local Public Servants" (admin)
	1954 (May) Start of the Local Tax Allocation system (finance)
	1954 (June) Enactment of a partial revision of the Local Autonomy Law (admin)
	1954 (June) Implementation of a partial revision of the Local Public Service Law (admin)
	1954 (July) Enactment of the Police Law; Establishment of prefectural police forces (admin)
	1954 (Dec.) Promulgation of the Special Measures Law concerning Local Finances in Fiscal 1955 (finance)
1955 (Feb.) Report by the Administrative Investigation Council on improvement of the administrative system (policy)	1955 (Aug.) Implementation of a partial revision of the Local Tax Law (finance)
	1955 (Dec.) Implementation of the Special Measures Law for Local Financial Rebuilding (finance)
1956 (Apr.) Proposal for the establishment of the Ministry of Home Affairs, Land and Infrastructure (policy)	1956 (Apr.) Establishment of the Hokkaido Development Corporation (finance)
1965 (Oct.) Signing of the joint Japan-USSR Declaration (current)	1956 (Apr) Implementation of a partial revision of the Local Tax Law (finance)
1956 (Dec.) Japan joins the United Nations (current)	1956 (June) Enactment of the New Municipality Creation Promotion Law (admin)
	1956 Implementation of the Metropolitan Area Readjustment Law (admin)
	1956 (June) Enactment of a partial revision of the Local Autonomy Law (admin)
	1956 (June) Enactment of a partial revision of the Local Public Service Law (admin)
	1956 (June) Implementation of the Law concerning the Organization and Functions of Local Educational Administration
	1956 (July) Start of the system of cities designated by government ordinance (admin)
1957 (Oct.) Report concerning reform of the local system by the Local Government System Research Council (policy)	1957 (Apr.) Creation of the Hokkaido and Tohoku Development Corporation (finance)
	1957 (Apr.) Implementation of a partial revision of the Local Tax Law (finance)
	1957 (Apr. - May) Enactment of the three laws concerned with the development of Tohoku, including the Tohoku Development Promotion Law, etc. (finance)
	1957 (June) Creation of the Publicly Managed Enterprise Finance Corporation (finance)
	1957 (Nov.) Commemoration ceremony to mark the tenth anniversary of the Local Autonomy Law (admin)
	1957 (Nov.) Exhibition to mark the modernization of local autonomy (admin)
1958 (Mar.) Withdrawal of the bill for the establishment of the Ministry of Home Affairs, Land and Infrastructure (policy)	1958 (Apr.) Implementation of a partial revision of the Local Tax Law (finance)
1958 (Mar.) Cabinet resolution concerning the final direction of municipal mergers (policy)	
1958 (Aug.) Cabinet resolution on the Tohoku Development Promotion Plan (policy)	

1959 (Nov.) Cabinet resolution on the Kyushu Region Development Promotion Plan (policy)	1959 (Jan.) Implementation of the New National Health Insurance Law (admin)
	1959 (Apr.) Implementation a partial revision of the Local Tax Law (finance)
	1959 (Apr.) Implementation of the Firefighting Organization Law (admin)
	1959 (Apr.) Implementation of a partial revision of the Firefighting Law (admin)
	1959 (Sep.) Implementation of regulations on the handling of dangerous substances (admin)
	1959 (Nov.) Implementation of the National Pension Law (admin)
	1959 (Apr.) Implementation of the Kyushu Region Development Promotion Law (admin)
1960 (Jan.) Revision of the Japan-U.S. Security Treaty (current)	1960 (Apr.) Implementation of the Shikoku Region Development Promotion Law (admin)
1960 Cabinet resolution on the Shikoku Region Development Promotion Plan (policy)	1960 (Dec.) Implementation of the Hokuriku Region Development Promotion Law (admin)
1960 (July) Start of the Ministry of Home Affairs (policy)	1960 (Dec.) Implementation of the Chugoku Region Development Promotion Law (admin)
1960 (Dec.) Cabinet resolution on the Plan to Double the National Income(policy)	

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