

**THE DEVELOPMENT
OF JAPANESE LOCAL GOVERNMENT
AND ITS CURRENT ISSUES**

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PREFACE

This brief essay expects, by analysing the development of the Japanese local government system and its future issues, to offer some reference to those who are interested in Japanese local government.

It goes without saying, local autonomy, the local government system and its management show differences according to national tradition and social conditions. Japanese local government itself is a product of Japanese historical, social and cultural tradition.

This essay does not intend to mention very much about the laws and the administrative system in their present form but place the emphasis on clarifying how those laws and the administrative system, through the evolutionary process, have contributed to the social development of Japan.

Lastly, I would like to add, we are firmly convinced in the fact that the Japanese local government, having played a substantial role in raising the national living standard and enhancing social welfare up to the present, will continue performing a significant function in the future.

**MEIJI RESTORATION AND COMMENCEMENT
OF THE MODERN LOCAL GOVERNMENT SYSTEM**

The modernization of Japan began with the "Meiji Restoration" in 1868.

The Yedo Shogunate Government headed by Major General Tokugawas which ruled Japan, in its diplomacy, closing the nation to foreign countries since the mid-seventeenth century, collapsed through difficulties both domestic and foreign, and replaced by the new "Meiji Government".

The major goal of the new Government was, through modernization of its governmental, economic and defense systems, to construct a modernized and centralized nation that could cope with occidental countries in international society.

To achieve this goal as quickly as possible in those Imperialist days, the new Meiji Government followed various administrative innovations, among them the most important one, the reform of the local administrative system.

Under Yedo Government more than 300 feudalistic lords existed and each of them, observing the governmental control of the Shogunate, managed his own social and economic system and retained its own military force and bureaucratic system.

Such a situation was regarded as a hindrance in forming a modern centralized nation, so the Meiji Government, annulled the governments of those feudalistic lords, and installed "Fu" or "Ken" (prefectures) in 1871 as national administrative units.

After this major reform the Meiji Government engaged in the local administrative reforms continuously, and a stable local administrative system was completed by the enactment of "The Municipality Act", and also "The Prefecture Act" in 1888.

The first Constitutional Law worthy of a modern nation was introduced into Japan in the year 1889, and the prompt enactment of these two acts just prior, or soon after the Constitutional Law, was attributed to the following two reasons.

- (a) A Local public entity must share the responsibility of national administration.
- (b) Together with the enforcement of a representative type of democracy on the national level brought firstly by the Constitutional Law, the Government, through the adoption of a limited representative democracy on the local government level, expected people to attain experience in the modern governmental system.

Furthermore, more than 70,000 municipalities which existed at the time of the Municipality Act enactment, were reduced to about 16,000 one year later through consolidation and amalgamation under strong Governmental guidance.

This aimed, through the amalgamation of the communities and strengthening functions of traditional communities as cooperative working units for agricultural production, to create municipalities as administrative bodies which engaged in small works of a modern public administration directly connected to the public.

LOCAL GOVERNMENT UNDER THE MUNICIPALITY ACT AND THE PREFECTURE ACT

Although the local governmental system, as stipulated by the aforementioned two acts, had to submit to some revisions afterwards, it was the backbone of the Japanese local governmental system for about 60 years until the revolutionary revision after World War II.

The municipality system in those days was greatly influenced by that of Preussen, Germany, however, it was also formed paying full consideration to the traditional community in Japan.

A municipality was a juridical body, and a municipal assembly was installed as its deliberative organ, whose assemblymen were directly elected only by those qualified male persons.

A mayor was the executive organ of a municipality and he was appointed through voting of the municipal assembly. Thus a municipality, given almost full system and functions as a local government, also had dual character as an administrative unit expected to share the responsibility in managing national works with the Central Government, and therefore, it was always under strict Governmental control.

As the Minister for Internal Affairs and prefectural governors, who execute for the Minister, were empowered to administer the dissolution of municipal assemblies discipline of mayors and annulment of disciplinary actions so those bureaucrats could control almost all of the municipal administration.

Prefectural governments were public organizations which had the character of secondary national organs together with those of local government.

As its deliberative organ, prefectural government was admitted to have a prefectural assembly, however, the prefectural governor, who had such strong executive power as administering police, etc., and in addition, national bureaucrats were posted to the essential positions of the prefectural government.

Furthermore, in the year 1890, 'Gun' or counties, were established, modelled after "Kreis" in Preussen. It was abolished some years later because of the ambiguousness of its character and function.

ADMINISTRATIVE ACHIEVEMENTS GAINED BY THE MUNICIPALITY ACT AND THE PREFECTURE ACT

As mentioned above, Japan placed great emphasis upon increasing comprehensive national power as a centralized nation through the years prior to World War II, and as a result, the role of the local autonomy was rather limited.

We can safely conclude local governments played considerably big roles in the modernization of Japan.

To add to such functions as the improvement of rivers, roads and ports and the promotion of agriculture, etc., municipal governments were responsible for the preparation of facilities for primary and lower-secondary education.

Promotion of education is one of our traditions and we should make much of its significance, for it always gave an incentive to national development.

And many works such as family registration, administering police and other regulatory works were also executed by municipal governments.

To those years, the percentage of local expenditure to the total Japanese governmental expenditure was about one third.

LOCAL ADMINISTRATIVE REFORM AFTER WORLD WAR II

Being defeated in World War II, Japan, occupied by the United States of America and other allied nations, has engaged in the total reform of its political administrative and economic systems, observing the strict guidance of the United States of America in particular.

Strengthening the democratic governmental system, renunciation of military power, dissolution of "Zaibatsu" or big financial combines, and conversion of tenant farmers to owner farmers through an agrarian reform were enforced one after another in a short period.

One of the greatest reforms particularly emphasized was the thoroughgoing administrative decentralization.

In 1946, just one year after the War, prefectural governors were to be elected directly by the people, who once had been appointed by Central Government.

Also such reforms as the adoption of the system of direct call and strengthening powers of the local assemblies followed.

In 1947, the present Constitutional Law was enacted. Those clauses which protected local autonomy were clearly included in the Constitution for the first time in Japan and, simultaneously, the Local Autonomy Law, which established the foundation of the present local autonomy system, was enacted.⁽¹⁾

The Local Autonomy Law admitted almost complete autonomy of every municipality and prefecture.

The Ministry for Internal Affairs which had so strictly regulated local governments, was also abrogated.

And the functions which once belonged to the Central Government was transferred to the local governments to a large extent.

Particularly, such extremely important functions as primary and lower-secondary education, administering police and fire defense were principally placed under municipal governments' responsibility.

After Japan's recovery of its independence in 1952, some improvements were added to the local administrative system, for instance, the municipal responsibility related to police, primary and lower-secondary education was transferred to the prefectural governments, however, fundamental principles on the local administrative system have been still maintained since the occupation days, without major change.⁽²⁾

Note (1)

The Meiji Constitution enacted in 1889 had no reference to local government, however, the present Japanese Constitution has a special Chapter (Chapter VIII) for local government.

The Chapter provides:

- (a) The organization and operations of local governments shall be fixed by law in accordance with the principle of local autonomy (Article 92);
- (b) Local governments shall establish assemblies and the chief executive officers and the members of assemblies shall be elected by direct popular vote of the people (Article 93); and it also admits local governments' right to manage their property, and the right to enact their own regulations within the law.

Note (2)

Before World War II, and under the old local government system, "Fu" or "Ken" (a prefectural government) was endowed with a dual character; it was a national administrative unit governed by a Governor, and at the same time, it was also a local government unit.

However, under the new system, it was given full autonomy and became an integral local public entity. Prefectural and municipal governments were given the following administrative powers, based upon the Local Autonomy Law enacted by the Central Government.

A prefectural government is a comprehensive and regional local public body which encompasses a number of municipalities and administers regional functions such as regional development works, improvement of industrial infrastructures, construction and maintenance of roads, rivers and other public facilities for regional use. To provide a unified, nationwide quality administrative standard it also discharges functions such as administering compulsory educations, administering police, and issuing permissions related to various business activities. A prefectural government is also engaged in supplementary works such as adjustment and conciliation between national and municipal governments, construction and maintenance of upper-secondary schools and promotion of local industries.

A municipal government is a fundamental local public entity which manages works related to citizens' basic needs such as family registration, resident registration, construction and maintenance of parks, water and

sewerage systems, garbage and waste disposal systems, sewage disposal systems, location and maintenance of schools for compulsory education, and maintenance of fire defense units.

The various national regulatory acts give a prefectural governor powers to issue administrative permission, and under certain conditions, to administer national roads.

These functions are called "nationally entrusted administrative functions". Although such functions are classified principally as national ones, they are entrusted by the Central Government to a prefectural governor as a national governmental organ.

When Central Government imposes a national function on a local government it is responsible for providing the necessary finances to the local government.

The number of local public employees as of 1982 totaled 3,224,000; 1,737,000 working for prefectural governments, and 1,487,000 working for municipal governments.

Of this number 694,000 were for general administration; 469,000 for social welfare; 1,303,000 for education; 244,000 for police administration; 126,000 for fire defense, and 388,000 for public enterprises such as hospitals, water supply, etc.

In principle, a "merit system" is used in the employment of personnel, and the governmental pay scale also applies to personnel. However, realistically, the system is still strongly influenced by the traditional seniority system.

Local public employees are prohibited from strike action and are restricted in collective negotiations.

As compensation, the Personnel Administration Council, as a prefectural executive council, independent of the Governor or the Municipal Equalization Council, also independent of the Mayor, is established to guarantee appropriate and adequate personnel administration related to employment, dismissal, disciplinary action, etc. These councils are engaged in inquiry and examination of treatment related to working conditions and are empowered to make recommendations on the salary of personnel.

CONSOLIDATION AND AMALGAMATION OF MUNICIPALITIES AND REFORM OF THE TAX AND FINANCIAL SYSTEM

Through the aforementioned reform after World War II, local governments' power was strengthened and the implementation of municipality consolidation and amalgamation, as well as improvement in the tax and financial system providing essential support for the reform.

Consolidation or amalgamation of municipalities was enforced, under Central Government's guidance, during 1955 and 1956. It aimed, through

strengthening municipalities administrative or financial power, to realize the smooth implementation of such municipal works as education and social welfare.

Creation of a municipality with 8,000 or more people was made an important goal.

As a result, 9896 municipalities (286 cities, 1968 twons and 7617 villages) that existed in September, 1953 were reduced to 3975 (498 cities, 1903 towns and 1574 villages) in 1956, and consequently their administrative and financial power was conspicuously improved.

Regarding a prefecture whose boundary, fixed at the end of the last century and still used even today, has found debates to enlarge prefectural size and functions so frequently without realization.

Metropolitan cities with more than one million in population have been classified as "specially designated cities" and some of the prefectural functions were turned over to them.

Specially designated cities presently number 10 and these cities may increase their number hereafter.⁽¹⁾

Related to the metropolitan government system, a lot of tentative proposals to improve metropolitan Tokyo have been expressed also.

The present metropolitan Tokyo system is a special one formulated in 1943, during War time, and the system still holds good even today.

According to this system, the Tokyo Metropolitan Government is required to manage, in addition to its prefectural works, a part of such municipality works as garbage collection, water supply, sewage construction and fire defense in the Capital's densely populated areas, which is divided into 23 "Ku" or "Special Wards".

Regarding the tax and financial situation of local governments, most local governments, both prefectural and municipal, fell into serious financial crises because of an increase of functions after World War II on the one hand, and the lack of much needed financial resources on the other.

Thus the Government engaged successively in the administrative reforms to strengthen the local tax and financial power.

One thing which greatly influenced those reforms was the Shaup Mission's "Recommendation Report" submitted to the Japanese Government in 1949, when the Government was still placed under the control of the occupation army forces.

The Shaup Mission, which was invited to Japan at the request of the Supreme Commander of the Allied Forces and was expected to make recommendations on the Japanese tax system both local and central.

And Dr. Shaup, leader of the mission, placed great emphasis on establishing local autonomy and announced publicly the following three principles.

- (a) To allocate responsibilities clearly among Central Government, prefectural governments and municipal governments.

- (b) To strengthen administrative powers and financial resources of local governments.
- (c) To recognize predominating status of a municipal government in distributing functions and in strengthening financial powers.

Shaup's recommendation gave rise to the aforementioned municipality consolidation or amalgamation, and as an impact on the tax and financial system the recommendation introduced the Local Tax Act in 1950, which regulated local tax, the main financial revenue source of local governments.

Prior to that, many local taxes were additional to those of national taxes. The new Local Tax Act observed the principle of endowing local governments with independent taxation power, municipalities were given a comparably stable property tax and residential tax whose tax base is income, whereas prefectures were given such taxes, whose income may fluctuate by an economic cycle, as business tax whose tax base was the income or gross income of private enterprises.⁽²⁾

The Local Equalization Fund System, whose aim was to adjust tax source imbalances caused naturally by the differences of local industrial accumulation and population, was created in 1950.

The system followed the principle, through covering the local fund shortage from national revenue, making all local governments follow standard administration.

The equalization fund system was not necessarily a stable system so the Local Allocation Tax System took place of it in 1954.

This was the system which guarantees the transference of a certain percentage of national tax revenue gained through national income tax, corporate tax, and liquor tax to local governments. An ongoing percentage, regulated by law, is set at 32% increased from the initial rate of 20%.

Although such improvements were introduced, local finance was in a rather difficult situation until 1960.

That was because a lot of funds were needed for such works as war disaster recovery, and the introduction of new educational and police systems.

In 1954, 34 of the 46 prefectural governments and some 2,200 municipalities (38% of the total municipal governments) had to endure deficits in their financial management.

Such a situation was rapidly improved through local governments' own efforts for financial reconstruction backed by the Special Law for the Local Financial Reconstruction enacted in 1955, and local tax system reform, and particularly by the increase in local tax revenue, and also in local allocation fund; those increases were brought about by the high economic growth after 1960⁽³⁾

Note (1)

The number of prefectural governments is 47; Metropolitan Tokyo Prefectural Government or "Tokyo To"; Hokkaido Prefectural Government; 2 major prefectures or "Fu"; and 43 others or "Ken".

The Metropolitan Tokyo Government had the greatest population of 11,384,000 in 1982, whereas the smallest, Tottori Prefecture, had only 611,000.

The number of municipal governments is 3,255, comprised of 10 metropolitan cities specially designated by Governmental Ordinance; 641 cities (usual city population is more than 50,000); 1,995 towns; and 609 villages. The number of villages whose population is less than 1,000 is 28. In addition, the central part of Metropolitan Tokyo Prefecture, with 8,138,000 population is divided into 23 special wards or "Ku".

Note (2)

The national tax revenue for fiscal 1983 is estimated at ¥32.315 billion and the total local tax revenue is estimated at ¥19,069 billion, of which ¥8,349 billion comes from prefectural taxes, and ¥10,720 billion comes from municipal taxes.

National taxes consist of income tax (¥13,805 billion or 42.17% of the national tax revenue); corporate tax (¥9,497 billion or 29.4%); liquor tax (¥1,860 billion or 5.8%); gasoline tax (¥1,653 billion or 5.1%), etc.

Prefectural taxes consist of business tax (¥3,073 billion or 36.8% of the total prefectural tax revenue); prefectural inhabitant tax (¥2,423 billion or 23.0%); automobile tax, meals and hotel tax, real property acquisition tax, etc.; and such special purpose taxes earmarked for highway construction fund such as automobile acquisition tax and light oil delivery tax.

Municipal taxes consist of municipal inhabitant tax (¥5,243 billion or 48.9% of the municipal tax revenue); real estate tax (¥3,622 billion or 33.8%); municipal tobacco consumption tax; electricity tax, etc., and as special purpose taxes such as city planning tax, etc.

Note (3)

The Japanese gross national product (G.N.P.) in 1983 is estimated at ¥281,700 billion and the Central Government's budget scale of ordinary accounts is anticipated to reach ¥47,500 billion

The composition of local revenue is as follows:

- (a) local taxes 40.2%
- (b) local allocation taxes 18.7%
- (c) national subsidy from the Central Government 21.9%, and
- (d) local bonds 10.5%.

According to the final accounts for fiscal 1981, the net governmental expenditure, both Central and local, amounted to ¥77,520 billion. The net national expenditure was ¥28,823 billion, or 37.2% of the total net governmental expenditure, and the local net expenditure was ¥48,690 billion, or 62.8%. The net local governmental expenditure represented 19.2% of the G.N.P. for the same fiscal year. Thus, local governmental finance, as the greater final disbursement in the public sector, is playing an important role in the national economy.

Composition of prefectural final accounts by objective for fiscal 1981 was as

follows: 29.3% for education; 18.9% for public works; 11.7% for agriculture, forestry and fisheries; 5.8% for general administration; 5.7% for social welfare; and 4.1% for health and sanitation.

Composition of municipal final accounts was follows: 20.2% for public works; 18.4% for education; 12.2% for social welfare; 12.2% for general administration; 7.9% for public health and sanitation; and 6.8% for agriculture, forestry and fisheries.

Consistent with Japan's economic conversion from high to stable growth, Japanese local finance has shown a gigantic financial deficit annually since fiscal 1975. It has, therefore, become one of the greatest national goals to realize a complete rationalization of the administrative system and introduce maximum efficiency in administrative activities in order to enrich and strengthen stable and sound local financial resources for the future development of local government.

THE ROLE OF THE LOCAL GOVERNMENT AFTER WORLD WAR II

After the War, local government's activity, adapting itself to each stage of drastic social changes, has greatly contributed to the improvement of people's welfare and economic development.

The outline is as follows:

(a) Rehabilitation from War Disasters

Through the Second World War, Japan was severely damaged demographically and economically. People were impoverished, industrial facilities were heavily destroyed, and food was critically lacking.

Both Central and local governments, together with all Japanese people, had to start from the beginning. However, owing to the strenuous efforts of governments and people, Japan gradually recovered its national power and by 1960, the Japanese economic level surpassed the pre-War level.

In those years local governments contributed to form social and economic infrastructures through the efforts of constructing such local and fundamental facilities as war disaster recovery works, small scale road and ports, primary and lower-secondary school buildings.

(b) Economic Development and Regional Development

In 1960, a new cabinet headed by Prime Minister Ikeda was formed and it pledged publicly the policy to double the national income in ten years, and as a result, the economic growth policy was established as the major national goal.

By that time, the private sector had accumulated considerable economic power, and in response to the national policy, it began to invest quite energetically in productive facilities.

The ratio of the private sector's investment on industrial facilities to the gross national product was about 10 percent annually during 1955 to 1960.

However, the figure reached 20% after 1960. Farmers' purchasing power has been increased through such policies as strengthening the basis of agricultural management and improved crops which have enabled abundant harvests almost annually, and the city dwellers' wage has increased year after year.

And owing to the free trade system our overseas export has come of age.

Thus Japan's high economic growth began owing to the increasing domestic and foreign demands.

In the high economic growth years, regional development particularly was made much of.

The National Comprehensive Development Plan has selected several key areas for intensive development of industrial facilities.

According to the Plan 15, "New Industrial Cities" for creating new industrial zones and 6 "Specially Designated Areas for Industrial Development" for increasing existing industrial functions, were appointed and, to precipitate industrial locations, heavy investment related to such public works as construction of roads and ports was concentrated on those areas.

Many of these key industrial areas were designated along the coast line and, it may be said, that type of industrial location was eventually very favourable to Japan utterly lacking in natural resources when it imported raw materials and exported its manufactured products.

In those years local governments did their utmost, considering their geographical conditions, to develop their industries regionally.

They introduced various policies to increase the income of the people by ordaining bylaws to promote industrial locations and by promoting agriculture and fishing.

The Japanese high economic growth lasted for 13 years until it was attacked by the first "Oil Shock" in the fall of 1973, and in that period, the gross national product (G.N.P.) leaped 5.8 times (in nominal value).

The nation's economic power and national's income level was raised tremendously.

Consequently, the scale of the governmental finance, both Central and local, increased more than 7 times in the same period.

Both Central and local governments could not only improve various essential public facilities but enlarge such social policies as aid for children, the aged, physically or mentally handicapped people, and enriching annuity, so the substantial level of the social welfare system reached almost the same level as in America and European countries.

One of the greatest successes achieved by Japanese society during the high economic growth period was that of levelling and equalizing people's income and living standards.

During the high economic growth period, many people migrated, in

search of higher income, from agricultural and fishing villages to urban areas and, consequently, they began to acquire an income from the secondary and tertiary industries.

And the income and living standard of those who live in agricultural areas were sizeably improved through induction of industrial facilities, implementation of public works of both Central and local governments and the Central Government's guarantee to reflect the levelling of the living standard in the annual rice price decision.

As a result, partly owing to the progressive taxation, income equalization among the people, never before seen in the world, has been realized in Japan.

On the other hand, local governments have also played a major role in improving the living environment through improvement of the water supply and sewerage systems, and education facilities, and dissolving disparities among local governments.

(c) The Appearance of Strain in the High Economic Growth

The high economic growth has brought increases of national income and enlarged financial scale of local governments. It also contributed greatly to the income levelling among the people and promotion of welfare of the people, however, on the other side of such positive influence, it should never be dismissed that the economic growth caused quite a few problems.

The high economic growth, in its developing stage, through rapid concentration of population to the metropolitan of industrialized areas has brought regional problems called "overpopulation" and "de-population".

Excessive concentration of industrial facilities gave rise to various problems; the most serious one was environmental pollution, becoming conspicuous around 1970.

Such environmental problems as air and water pollution and noise hazards have been brought about by the excessive concentration of industrial facilities and by resident's daily exhaust pollutants.

The second problem is the land price hike.

As a result of the partial population concentration and economic activities, land prices in metropolitan areas went up approximately 30 times during the high economic growth period. In the metropolitan areas, such demerits of excessive concentration as the housing shortage, traffic congestion, the water supply shortage, are apparently surmounting the merit of accumulation.

On the other hand, in agricultural and fishing villages, where drastic outflow of the youth and children has brought a relative increase of aged people, and consequently, community vigorousness has been lost.

Around 1970, Central Government tried energetically to eliminate detrimental influences exerted by overpopulation and de-population by

enacting national laws related to environmental and land-use protection, and promotion of the de-populated areas.

The Government has gained considerable success in the field of environmental protection and limited success in the field of de-populated areas' promotion.

However, concerning unusually high land price control, the government has failed to claim full success up to now.

Through the high economic growth period, local governments' function covered very wide-ranging fields.

Local governments in those densely populated areas, where heavy migration could be observed, have had to engage in tremendously heavy investment on such works for those newly migrated as, the preparation of housing, construction of water supply and sewerage systems, building schools for nursery, primary, lower and upper-secondary education. At the same time, through the promotion of the agricultural and fishing industries, local governments of de-populated areas have, on the other hand, made efforts to increase the income of their citizens, and to improve the poor medical situation, fire-defense and emergency disaster-protection.

Also in the field of land-use control, many of the local governments, setting their own "Guideline Principles", exerted regulatory functions and those principles have apparently influenced national policy.

And it must be concluded, local governments' leading role shown in such welfare administrative fields as the public imposition of medi-care expenditure for the aged, was very great.

Such a challenge may be regarded as an advance through trial and error, but the positive aspect of the action stemmed from local governments' wish to manage administration of its own free will, must be highly praised.

One of the most important issues resulting from overpopulation and de-population was the loss of community consciousness, which had been constructed in so many years, as the result of drastic migration from local to urban areas.

In some of the de-populated areas, they cannot enjoy a traditional festival because of the loss of the youth population, whereas in quite a few of the urban residential clusters so-called stable human relationship has not yet been formed.

People's consciousness for unity is the basis of local autonomy and non-existence of this consciousness creates a serious problem for the local governments.

The Third National Comprehensive Development Plan, designated by the Central Government in 1977, has announced officially that the plan's main goal is the realization of a "Better Habitation Society" and Government has already implemented policies to develop small scale neighborhood communities. Coping with the urbanization, how to develop

consciousness for community unity is one of the major issues still awaiting settlement in the future.

FUTURE PROBLEMS OF LOCAL GOVERNMENTS

Local governments in Japan, introduced by the Meiji Restoration, have discharged the responsibility expected of them in each period of the developing process.

Particularly those rehabilitation years after World War II, it may be said, they exerted their full power for Japanese economic development, and the levelling of the national living standard.

The number of professionals engaged in promotion of local administration presently totals over 3.2 million, increased sizeably from 1.4 million in 1950, and this increased rate by far surpasses that of national public employees.

Professional categories of those local public employees consists of administrative officials, teachers of primary, lower and upper-secondary schools, policemen, firemen, employees of public enterprises, etc., and all of those public employees are offering governmental services in each relative administrative field.

However, Japanese local administration must go on conquering various new issues. Some of the important issues proposed at present are as follows:

(i) PROMOTION OF ADMINISTRATIVE REFORM

At present both Central and local governments in Japan are heavily in debt.

In fiscal 83, the national debt amounted to more than 400 million U.S. dollars, and also local governments' total indebtedness reached more than 200 billion U.S. dollars, therefore, total indebtedness in the public sector has reached more than 50% of the gross national product.

The reason which gave rise to such a high deficit figure must be partly attributed to governmental policy apparently failing to cut financial expenditure regardless with stagnation in the tax revenue increases, and also partly must be explained by the fact that neither tax increases nor new taxation was possible because of heavy opposition from the people and private enterprises.

If such a situation continues, the governments not only cannot acquire financial resources needed to meet new administrative needs, but can hardly maintain present administrative needs. Therefore, presupposing the reconsideration of the existing financial expenditure, it is required urgently to reallocate financial resources preferentially to those fields where heavy administrative services are expected.

So the administrative reform both in Central and local governments is proposed as the major issue.

Local governments have enlarged their administrative activities and increased their expenditure in the high economic growth period.

However, they cannot follow such an easy investment enlarging policy any more, instead, selecting those necessary administrative services, they must strictly limit the object of their financial expenditure and regain elasticity in their financial management.

(ii) PREPARATORY INTRODUCTION OF POLICIES FOR THE COMING AGING SOCIETY, AND POLICIES FOR THE NEW FAMILY

In Japan, the age structure of population and the family structure are changing very rapidly.

The Japanese average life span, which was about 50 years old prior World War II, is now 79 years for females and 74 years for males. The percentage of aged people to the total population is growing, partly owing to the sharp decrease in the birth rate, and the percentage of those aged above 65 years old is estimated to increase from 9% at present to more than 14% in 20 years time.

The family size, consisted of 5 members in 1955, is approaching close to 3, and now the standard family unit consists of a man and his wife and their unmarried children.

Such a small family is often called the "nucleus family". Single person households are also increasing in number. An aging of the population age structure is a very serious problem in Japan because it makes society lose its social and economic vigorousness and it is also the cause for increased expenditure on annuity and medi-care for advanced aged people.

The progress of the aging of population, increasing ratio of the aged people to the total population, and the increase of nucleus families and single-person families will have a great impact on local governments.

Briefly, things once managed within the family must be imposed upon local governments' administrative responsibility. Nursing of the senile and taking care of those of an advanced age are typical examples.

The family of the aged and the family consisting of small numbers, or single persons are particularly weak to cope with such problems as illness of a family member, and as a result, the necessity of local governments to supplement those functions which were once managed by family members is growing more and more.

(iii) IMPROVEMENT OF THE LIVING ENVIRONMENT

In response to the economic conversion from high to stable growth, people's concern for settling in their community is also growing. People are tending to have a growing concern of those issues other than income increases because their living standard has already reached a considerable level.

Such a change in people's concern enhances people's wish for the improvement of the living environment and, as a result, their request for

the construction and improvement of regional roads and parks, promotion of environmental greening, improvement of such cultural facilities as auditoriums, libraries, art museums and music halls.

For the improvement of a quality living environment, local governments must do their utmost through policy implementation.

(iv) PROMOTION OF PEOPLE'S AUTONOMY

In Japan, it has been widely agreed promotion of decentralization and development of people's autonomy are vital for the development of local autonomy.

Regarding decentralization, as one of the inter-governmental problems, a notion that Central Government must decentralize more of its power to local governments has been quite frequently heard.

At present, the fact that Central Government's participation in many local works is widely recognized and administrative reform for decentralization of national functions of a local nature must be strenuously promoted.

Historically, however, functions of local governments have been gradually enlarged.

Among some of the typical reforms brought about after World War II, decentralization of administrative powers related to primary, lower and upper-secondary education, and of functions concerning police and fire-defense were counted. And, as discussed before, local governments are beginning to play "a leading role" in the nation in some of the new administrative fields.

Furthermore, local government finance, although still in a crucial situation, has come to occupy a comparably large share through frequent reform of the system related to financial resource redistribution and also through the successful gaining of the fruits brought about by the economic growth.

Although accompanying problems are to be settled in the future, the decentralization in Japan may be concluded as having established a considerably stable foundation.

There still exists so many issues on "people's" autonomy.

Partly because of the heavy migration in the high economic growth years and also partly because of the rapid change in the family structure, a stable regional community and communal solidarity consciousness have not yet been completely established.

Up to now, people have shown more concern for income increases than improvement of their living environment consequently, they have had less concern for regional development problems

Particularly in the metropolitan areas where a great number of newly migrated people have settled, many of the citizens, having little concern for the habitation in those areas propose a lot of requests to local governments without considering the fact that they are responsible for their

administrative management.

The nucleus of local autonomy is self-government by the community; that is to settle their own issues themselves.

The greatest problem of Japanese autonomy still to be settled is whether people's autonomy can successfully develop in Japan.

It seems to me people are just getting a first clue for the sound and satisfactory development of people's autonomy, and the following examples support my view:

- (a) communities are being created even in urban areas;
- (b) people's concern for better living environment is growing rapidly;
and
- (c) people's movements to control local government are gradually appearing.

People's autonomy is the most important measure for each citizen in order to acquire his own freedom and to establish his own subjectiveness, therefore, I am sincerely wishing for its sound and successful development.