

The Decentralization Reform
and the Local Government System in Japan

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Introduction: the point at issue of the decentralization reform and local governance

In the end of 20th century, the decentralization reform seems to be one of the three major revolutionary reforms in Modern Japan. The first one is the Meiji restoration, and the second is the reform after the World War 2. These reform have had achieved the fruitful result on the local government modernization and democratization.

On the other side, the reform after the War was criticized to be insufficient. For the Sharp Recommendation of 1949 and the Kanbe Recommendation of 1950 weren't fully implemented. Those recommendations seemed to try to realize the ideal of the local government system. They addressed the devolution of the central functions to the local government with being based on the Sharp doctrine.

As for the recommendation of the Sharp Mission, to carry forward the redistribution of the government functions between the central and the local, it declared three principles.

First principle looks for making the responsibility of each function clear and allocates each function into the state, the prefecture and the municipality government separately.

The 2nd is that when doing the redistribution of the functions it must be allocated to the municipality primarily. And then, as the municipality cannot implement some function or its implementation is inefficient, it is redistributed to the prefecture government or central government.

The 3rd is that the redistribution has to be done according to the ability and the scale of the municipality because of the variety of local community.

If this redistribution of functions were realized, there should be the perfect local government system. Indeed, it is said that there was opportunity that the qualitative conversion of the local system in Japan has had been attempted 50 years before already.

While the local government system has been experiencing the relatively stable era after the reform under the occupation army, the half-century elapsed. In these decades, the reform problem about the bases of local system has not been dealt with radically.

It is possible to say that the reform tried in this half century is characterized as anti local government. It has been incremental but gradually making the local government system more centralized. The central problem of the present reform I think is to settle the past account and to establish an ideal system of local government. It means not simply the development of the local government. It has been influenced through the idea that the basic unit of the local government is the municipality. In general, it is a common consent that the one of the main purpose of decentralization is the establishment of the municipality based local government system (1).

From the standpoint of macroscopic perspective, the orientation of this reform is conditioned by the series of Japanese structural reform concerning to the many

issues of the politics, the administration, the economics, and the society. Then, it makes the local system reform more focused on the central-local relationship and has the centralist characteristics of the reform.

We also have to note that this large-scale reform has been done in time of peace. In turn, there are the need of much time and endeavor in the reform process of decision-making and implementation, and it is said that it takes much more time to acquire the results of the reform.

Supposing that there is a characteristic of this reform as mentioned above, we must attempt to examine once more about what impact it has for the political system and the local government in Japan.

This impact can be thought of about the relation with the change of governance in Japan. The decentralization reform will become the extremely important factor which influences its governance.

In this article, I will verify the measure and content of the Japan's decentralization reform. The frame which analyzes the decentralization reform is as follows.

- (1) The first is an examination about the political process. What did the decentralization reform carry forward? It will clarify the political process and its environmental condition.
- (2) The second question is to make open about the structure of the reform which was actually done. I will clarify the factor and the organization which promoted reform, depict the functional mode of the structure.
- (3) As for the contents of the reform, actually, the third question is to make clear the procedure that promoted the reform.
- (4) The verification of the result of the reform is the 4th question. We have to examine whether or not this reform changed the governance in Japan first, and whether or not it changed the condition of local governance in Japan at the same time.

Then, our question is what result the governance change does make and how the governance change of the municipality and the prefecture will be brought about. Even if it takes long time, does the decentralization reform change local governance in Japan in the near future and bring a change to the governance in Japan?

Although there are various criticism to the present decentralization reform, it is supposed to convert a conventional local government system basically. The orientation of the reform and the establishment of renewed institutions are positively estimated for the moment. As for the governance change in the national and local level, it seems that the evaluation of the reform is very difficult.

Of course, it is not easy to take account for the results of the reform in the present situation that most of the reform is just now launching out. At this point, since the realization of the reform becomes unveiled gradually, we should consider carefully as follows:

- (1) Does this reform substantively change the local government system that was composed after the World War 2nd. And then, if it changes, what change it caused.
- (2) Since this reform is the reorganization of the systematic frame and the practice by the local government is just started, we have to try the evaluation about the possibility of the future impact in the short-range and in the middle run beforehand.

Taking account of such a situation about the decentralization reform which is now developing, it is useful to sort out the result and the point at issue of the present reform and prospect the future local government system beforehand.

Therefore, we will examine the decentralization reform in Japan as follows.

- (1) To examine our case, the background environment and historic situation of the decentralization reform has to be made clear at first.
 - (2) We depict the process of the reform through the Decentralization Promotion Law.
 - (3) Also, we clarify the result and the evaluation of the reform to the 3rd.
- And then, we will attempt to examine the meaning which the decentralization reform has on the governance change in future Japan.

1 The Tide of Decentralization

The local autonomy system in the 1980s and the 90s had also become the object which has been forced reorganization in the turning point of the whole society while the local government itself groped for reorganization. But the necessity for reorganization of such a local autonomy system may have been said from the former frequently.

For example, a term called decentralization is not what recently began to be used. Then, it was used briskly in the 1940s and 50s, and the local autonomy and the decentralization put the almost same meaning in those days. For example, both terms may have been used as "the establishment of the local autonomy needs the realization of decentralization, for the authority of local government has to be reinforced," in many arguments in the National Diet after the war.

In case of the deliberations on the Local Government Act of 1947, as above mentioned, it was discussed that the establishment of local autonomy system would be realized through decentralization and the authority of a local public entity must be strengthened in the committee deliberations in the National Diet of those days. It meant that the decentralization in such a postwar period reform of the 1940s and 50s was a trial to realize the ideal of the local autonomy found out by the essential idea of the Constitution of Japan or the Local Government Act.

However, the proposal, for example, the Sharp recommendation and the Kanbe recommendation, of the thorough re-distribution of administrative functions had collapsed on account of the radical-ness. While the decentralization type reform was proceeding, the effort to maintain and strengthen the centralized system was proceeding in simultaneous parallel and there was a reverse movement to the decentralization.

As for the Japanese government system in the 1960s and 70s, the reverse movement of 50s continued in this way. It appeared that the centralization and decentralization was mutually contradictory under the so-called new centralization tendency. It can be said that the original motion was to limit the decentralization which went too far beyond and to reconstruct the management system of unitary domestic administration.

The view which comprehensively expresses such a trend was the functional division theory which was claimed on the relation between the roles of central government and local government. Showing that there are an interdependent and inseparable relation and a complicated cooperation between the central government and local government, it tried to conquer the redistribution of function theory that insists to separate functions discretely, to allocate one function to one level

government and to redistribute functions to the municipality as possible as they can bear responsibility.

The functional division theory is much convenient to the central government which wants to maintain their interference to the local government and keep firm hold on it. On the contrary, the re-distribution of functions theory had suited the mainstream of the decentralization till then.

However, in the trend of the administrative reform and political reform in the 1980s and 90s, a characteristic phenomenon is that many premises of the former political and administrative system have been cast doubt on and required to reorganize. It was difficult to adopt the way of functional improvement in government partially, presupposing the preservation of current central-local relationship, and the requisite considering the central and local government's present condition as a premise has become questioned.

Therefore, although the term of functional division and the role interaction theory would remain barely, the decentralization theory becomes the mainstream in substance of the administrative reform. The decentralization was adopted as one of main methods which realizes reorganization of governance system.

2. Background of decentralization reform

In the reform towards the present decentralization, it seems to me that there are two kinds of backgrounds. One is a structural reform of Japan that is proceeding by the Koizumi government now in Japan. Administrative reform, deregulation, and decentralization argument can be placed as the part of it.

Another one is a viewpoint of growth and maturity of local autonomy. After the postwar reform, in the pile of the local autonomy over a half-century, the problem of present local government system has actualized and it has become clear that the present system cannot be suitable for the newer situation of local community. Then, the viewpoint of decentralization has been also proposed as an important element of solution in common to each problem.

First, the maturity of local government has provided us the impression that the altitude of decentralization in the present local government system is inadequate, because the local government has acquired the experience of a half-century after the postwar. For example, from the historical viewpoint, we cannot help agreeing that the local government has had an important role and leadership either in pollution and environmental problem-solving or the promotion of resident's welfare.

Moreover, there are many examples which show us the improvement of capability in local government as follows: the deployment of "one-village, one-specialty economic movement", and the movement of "revitalizing village" and "rebuilding the town" etc. It can say that while regulation and protection of the center which was meaningful and useful in former time has begun to disturb the local activity, the local technology and capability which were accumulated in the local government has begun to make such intervention unnecessary. In other word, it is conspicuous for us that the present local autonomy system serves as an obstacle, and the local capability cannot be demonstrated.

Of course, on the other side, a big political theme called structural reform became the factor which advances decentralization reform. Actually, when we saw Japan from the viewpoint of the global world after the 1980s, it had been pressed for big conversion promptly in any area of economy, society, politics, and administration in Japan. For example, the conversion to the domestic demand centered economic structure, political reform and party realignment, and administrative reform, etc. have been more and more important subject. However, such conversion has been producing various conflicts within and without, and it has not progressed easily.

As one of the factors which have caused such a structure problem, the Japanese system of centralization-of-power is mentioned by many critics. In the case of the land use in the whole country of Japan, because of having managed by the centralization-of-power type decision-making system, both overcrowded and depopulation trends seem to intensify and the concentration of population and economic activity to Tokyo Metropolitan area seems to be progressing.

Centralization-of-power system not only has induced the closed and unchangeable economic system, but also is said that concentration of the economy accompanied by over-concentration has promoted the mal-distribution of wealth.

Moreover, the political and administration system is stiffened similarly and becomes unable to correspond on the newer problem appropriately. As for social perspective, diversification of value system has been proceeding, and it is natural that the way of thinking and behavior becomes more global and pluralistic.

The necessity for such many-sided structural reform has forced to focus on the community and to adopt the decentralization positively. In this way, the decentralization became one of the ultimate targets in administrative reform and political reform, and also became the measure to the changing environment of society and economy. Therefore, the establishment of framework law for promoting decentralization was realized.

It is understandable that there is a connotation in which the local community will realize the structural transformation of the society and economy in domestic and a global scale in a community and can achieve the improvement in "the quality of a life" and original "affluence".

It is also certain that there is a question whether the target setting and the establishment of law and its content are suitable for, and whether it is adequate for to correspond the diversification of value and the newer problems in and outside the country. There is room in which we examine these questions because the national support to the decentralization has not necessarily shown the rise.

Moreover, in terms of the development of a such decentralization reform, it has been taken up as a very political point at issue. Therefore, when we see it from the viewpoint of local autonomy, it cannot be denied that this reform was distorted by being told in same rank of the political reform, change of power, and an election system and a party system reform.

3 the Decentralization proposal: the Way to the Decentralization Promoting Law of 1995

The decentralization reform started with the establishment of the decentralization promoting law in 1995 as an actual system reform. However, there were many questions and arguments which were fundamentally common from various

positions until the law was established.

The proposal towards the decentralization reform of the 1980s and 90s have been considered in the second Provisional Administrative Inquiry Committee(1981-83 years), the three terms of the Ad Hoc Council for the Promotion of Administrative Reform (1983 -93 years), the government administrative reform headquarters, the Local Government System Research Council, etc., in the government side (refer Table 1).

On the other hand, various decentralization proposals also from a private sector or a local government have been made. From the local government side, there was a proposal from the 6 local government associations, such as the National Governor Association, the National Mayor Association, and so on. Moreover, among the private sector, there were proposals from the economic worlds, such as the Federation of Economic Organizations, and Japan Association of Corporate Executives or Kansai Economic Federation, the Junior Chamber and other various kinds of private sector organizations such as the Extraordinary Investigation Committee for Political Institutions, the National Conference of Administrative Reform, and the academic societies, etc. Of course, at the general election in 1993, especially it was very impressive that the promotion of political reform and decentralization and a certain framework law enactment for promoting the decentralization became the campaign platform of every political party in common.

Although the proposals of decentralization are various and different in each other, we can summarize them into 5 points of argument which are the common feature of each proposals: how to advance the decentralization, the transfer-of-authority, the abolition of state intervention, the fulfillment of local revenue, and the strengthening ability of local government which subscribe the transfer of authority and functions.

The first point of argument is the re-distribution of functions and the transfer of authority. It means that a suitable role assignment between the central and local government and between the prefecture and the municipality has to be considered and the functions and authorities have to be transferred to the local as possible as they can.

In decentralization reform, the transfer of authority to the local government and the abolition and streamlining of the Agency-delegated-functions become a main aim. It requires that the municipality whose redistribution has to be prior to other institutions can implement the function concerning basic residents service through the redistribution of functions to it as fundamental local government.

The second problem is the state intervention to the local government which always is pointed out in relation to the transfer of authority. Based on the law, the central government is to be able to intervene local administration covering various matters, such as permission, license, approval, admission, and a notification, and it is required for arranging and abolishing such intervention.

The third point of argument is concerning a source of revenue, taxation and finances. There must be the foundation of local public finance in decentralization as the backing. If the revenue for the local activity is not securable, even if there is a transfer of authority, the local government cannot work well. Then, although required for expansion of the local tax as an independent source of revenue, there are few bold reorganization proposals of local public finance system even now.

The proposal that is focused rather is to reduce the various restraints to local public finance, and the permission system of the issue of local bond and the categorical grant system to the local government are regarded as questionable. The free issue of the local bond, the arrangement and rationalization of grants system, the transfer to the menu grants system or block grants system and so on has been examined.

The 4th point of argument is that the bearer of decentralization would be needed. If the administrative and financial capability to manage the decentralized functions is not equipped, it is meaningless that the decentralization advances and the authority is transferred. Therefore, the improvement in capability of a local government is needed, and it is stressed that the regional administration system composed of several municipalities and the merger or consolidation system are shortcuts to strengthen. Especially, small-scale cities, towns and villages seems to be required for the radical improvement in a capability level through its merger.

Therefore, the Local Government Act was revised, and the introduction of the

regional union system and the city of centrality system were established in June, 1994. In addition, about a prefectures level reorganization, although there is an argument bearing a wider regional system and a merger of prefectures in mind, on the whole, the agreement of prefecture reorganization has not necessarily been attained.

Finally, there is the similarity of how to advance the decentralization reform. In quite early days, the establishment of a fundamental law which advances the decentralization was claimed because it is the problem which should be examined extensively. In a political campaign platform, many proposals of basic law establishment appeared in early 1990s. It was presupposed that this law should include the fundamental view of decentralization, how to advance the reform concretely, and the institutional system to promote it. (2)

Table 1. The short history of the decentralization reform of 1980.90s

1982: The second Provisional Administrative Board-of-inquiry: the Primary Recommendation (Functional assignment between a state and a local)
1983 –86: The first Ad Hoc Council for the Promotion of Administrative Reform; the Local-administrative-reform Promotion Subcommittee (the examination of agency-delegated-function and permission system)
1989: The second Ad-Hoc-Council-for-administrative-reform: A report of the subcommittee of central-local relation (With examination of a functional assignment and the development of local agency)
1993: Both Houses resolution “the resolution of promoting decentralization” : the third Ad-Hoc-Council-for-administrative-reform: final report (the deregulation and decentralization)
1994: Cabinet decision "the administrative reform fundamental principles" office in local administration subject maintenance : the 24th Local Government System Research Council "the recommendation on the promotion of decentralization" : Cabinet meeting determination "the fundamental-principles of promotion of decentralization" (the decentralization promoting law and the decentralization reform by advisory committee)

1995: enactment of the decentralization promoting law

: The Committee for the Promotion of Decentralization inauguration

1996: the Committee for the Promotion of Decentralization; the first counsel (the transfer of authority, abolition of agency-delegated function, and rule-making of state intervention to local government)

1997: the Committee for the Promotion of Decentralization second counsel

(the reform of mandatory established organ and office, relation between prefecture and municipality, categorical grant, and strengthening the local institution)

: The Committee for the Promotion of Decentralization 3rd counsel (reform of the system of national public servant in local government, and Special Land Lease Law)

: The Committee for the Promotion of Decentralization 4th counsel (adjustment / dispute processing rule between central and local government, and the authority transfer to municipality)

1998: The Cabinet meeting determination "the decentralization promotion plan"

: The Committee for the Promotion of Decentralization 5th counsel (the reform of public works)

1999: "the second decentralization promotion plan" Cabinet meeting determination (for the 5th counsel)

: The establishment of the law concerning related revisions to promote decentralization (the decentralization packaged law)

2000: the law enforcement

4 From the Committee for the Promotion of Decentralization counsels to the decentralization packaged law

As mentioned above, in order to advance the decentralization reform, the decentralization promoting law was enacted with expiration date for five years in 1995. As the technique to progress decentralization, old various techniques, such as the packaged law of arrangement and abolition of intervention and agency-delegated-function, and installation of the Local Government System Research Council have been adopted until now.

However, the feature of this reform shows the different aspect by establishment of the decentralization promoting law rather than before. The law is

enacted as a framework act that provides not only the principle of decentralization but also the promoting method and technique. The characteristics of the law is that it shows the target and principles of decentralization to some extent, installs the Committee for the Promotion of Decentralization as the examination technique for it, and provide the responsibility of the central government for planning and carrying out the decentralization promotion plan in response to the Committee counsels.

The principles of the law are to establish the local autonomy and make the affluent and unique local community through the decentralization. Its main purposes are the devolution, rearrangement of agency-delegated function, reduction of state intervention, and reform of categorical grants.

As shown in Table 1, the Committee for the Promotion of Decentralization has been launched after the decentralization promoting law enactment in 1995. Academicians, representatives of local government and business world, and ex-national officials were included in the committee. The committee took the sectional-meeting system, and carried out installing a special committee, and advanced examination. The result of examination was first proposed as "an interim report" in spring of 1996. There, the proposal of various reforms was incorporated as a platform of a future examination. The counsels after then followed in the direction mostly shown in this interim report.

And the first counsel was issued at the end of the year 1996. In the Committee for the Promotion of Decentralization first counsel, "the creation of decentralized society" which is constantly used after an interim report as a subtitle was shown, and the counsel mainly dealt with the arrangement and reduction of the state intervention, rule-making of the relationship between the central and local government, the authority transfer to the local, and the abolition of agency-delegated function and so on. (3)

The greatest point of this counsel is the abolition of agency-delegated function, and the counsel proposes to substitute the legally entrusted function and autonomous function for it and plans to re-distribute it into either function.

The Committee for the Promotion of Decentralization second counsel was issued in 1997. There were the arrangement of agency-delegated functions left off

previously, the deregulation of mandatory organ and office, the reform of relation between prefecture and municipality, strengthening local administrative agency, subsidy reform, etc. It became the most voluminous.

The Committee for the Promotion of Decentralization 3rd counsel is dealing with the national public personnel in local government system and the Special Land Lease Law to absorb to the state and, through the handling of such an eminent domain, it turned into the counsel of centralization rather than decentralization.

The subsequent 4th Committee for the Promotion of Decentralization counsel advised the rule of resolution of the conflict between the central and local government after the abolition of agency delegated function, and another part was the authority transfer from prefectures to municipality.

The government that received the counsels covering the first to 4th did cabinet meeting determination of the first "decentralization promotion plan" in May 1998, and almost all the advices were accepted and realized in the plan concretely.

In addition, the central-ministries reorganization was progressing simultaneously. There were various criticisms about the new Ministry of Land and Transportation which would become a huge agency through the reform of reduction and merger of ministries, and especially be responsible for the most of public works that is over-concentrated in the renewed ministry. Therefore, after the 4th counsel, Prime minister Hashimoto requested to examine the decentralization of the authority of public works in order to moderate the excessive centralization and also the decentralization of authority from the prefecture to the municipality which had become the pending question from the former.

In this way, the 5th counsel of the Committee for the Promotion of Decentralization was recommended focusing on execution of the reform of public works and the reform of a subsidy system in autumn of 1998. The transfer of the management authority of the main roads and rivers which had been expected at the beginning was not realized. About this counsel, cabinet meeting determination of the "second decentralization promotion plan" was carried out at the next year.

Based on the decentralization promotion plan, the government presented "the

law concerning the revisions of the related laws for aiming at promotion of decentralization (the decentralization packaged law) ", and enacted it in July 1999. And the law was enforced in April 2000.

This law has taken the form of the so-called packaged law, and passed the National Diet including the revision of 475 laws. There, the authority transfer, the abolition of the agency delegated function, the arrangement and reduction of state intervention, the reexamination of obligatory organ and offices in local government, and the large revision of the Local Government Act were advanced.

The main characteristics of this reform process is that the Ministry of home affair that composed the Committee's office and the 6 local government associations, especially the National governors association and the decentralization promotion office in it, influenced the orientation and the framework of the reform. As a result, while the abolition of the agency-delegated function was advanced well, the substantial transfer of authority was not enough, and the transfer from the prefecture to the municipality was little. Therefore, the reform was very convenient for the governor and the Ministry of home affair which was influential to the prefecture. This will be examined in the next section in detail.

5. The result of decentralization reform and related problems

The decentralization reform that was mainly advanced by the Committee for the Promotion of Decentralization since its interim report was aiming formally and consistently the revitalization of the community with its individuality. For that reason, it was principally to make the central-local relation change from the conventional vertical relation between the ruler and the subject to the equal and cooperative relation. And the principle of self-determination and self-responsibility was set forth as the essence of the local autonomy which might bear a future community.

The community imagined in the Committee is not the former uniform and standardized one, but the decentralized community with affluent individuality as an ideal. In short, the views of decentralization reform are as follows: (1) based on local self-government by the self-determination and self-responsibility of the local

community, (2) in the equal and cooperative relation between the central and local government, (3) to realize the revitalized community with individuality and variety.

For the realization of such a target, the Local-Government-Act revision and other reform were implemented through the establishment of the Decentralization packaged law including the revisions of 475 laws. In this enactment, from the viewpoint of quantity, the main impact was on the agency delegated functions. And then, there were other reforms that were not included in the packaged law, such as the reform of subsidy and other transfers of authority.

On the whole, it seems that the result of the reform for local autonomy is looked at three points: (1) strengthening the authority of local government, (2) liberalization of local autonomy, and (3) reinforcing the local administration organization.

At first, on strengthening the authority of local autonomy, the authority of the local government was expanded through an authority transfer and the abolition of agency-delegated function.

Secondly, through the deregulation of the local autonomy, such as the making rule of the conflicts resolution between central and local governments and the arrangement and reduction of the state intervention, the liberalization of local government has been proceeding.

Thirdly, there was the strengthening of local administration organization. It expected to be activated not only by the revision of laws but also by the efforts of local government itself.

In the local government, it seems that the promotion of local administrative and fiscal reform, strengthening of policy capability and judicial-affairs capability, the promotion of the regional administration and the consolidation of municipalities, the local assembly activation, the citizen participation, and the establishment of transparency and fairness in the local government are going to be realized. As a result, while the independence of community and the expansion of its potential self-determination are aimed at, in turn it means an expansion of self-responsibility or burden of autonomy.

Finally these results will be shown by the activity of local government in

future. The local government of Japan acquired some new authority. It also acquired some interpretation authority of law which was not in the former. The local government enlarges its authority to reorganize its agency and manage it more freely. There is much possibility to realize the new governance of local autonomy through these reforms.

However, it was said that decentralization reform in a present stage had many left-behind subjects, and it has been criticized before then. As the last report of Committee for the Promotion of Decentralization noticed the requisite for the "2nd decentralization reform", the argument from the various standpoints has been already progressing.

Although it is not certain what direction is aimed at concretely in the "2nd decentralization reform", its main subjects might be as follows:

- (1) The primary subject is a local finance. To secure the stable and sufficient revenue, there must be the redistribution of the taxation power and the reform of reallocation of revenue resources which have been criticized to be absent in the decentralization reform, and they have a long history of argument in the reform process of local autonomy system.
- (2) Second is the devolution of authority to the municipalities that should be said as the subject that was unloaded in the reform. This may be addressed as the "subsidiary principle" in the above "the last report."
- (3) The third is the reform of residents' empowerment and citizens' participation in municipal affairs from a viewpoint of residents' right of autonomy.
- (4) There are various restrictions which the current law system has formed and which control the local government minutely. It should be considered to become important to remove and arrange the obligation to an organization or activity of local government.
- (5) The fifth is the system reform of prefecture. Introduction of a regional government system will be considered.

There is a problem which can be pointed out in common through these argument of reform. It comes from the viewpoint of the principle of local autonomy. In a series of reform, the viewpoint that the municipality has an important posture as a fundamental local government has become weak. (4)

On the other hand, in the procedure of an actual decentralization reform, two steps procedure of reform has proceeded: at first, the reform of the relation between central and local governments, and, secondly, the relationship between prefecture and municipality. The latter may have slipped in mind in the reform process. And the focus of reform has been in the procedure and management between central and local governments.

Therefore, the original decentralization problem as a devolution conceals itself. Moreover, the decentralization of authority to the municipality has been not enough considered, and become deferment. Since the decentralization reform from the viewpoint of central government has been advanced and the reform of central-local relationship has been main subject of reform, there was no examination of the principle of local autonomy. In turn, the decentralization reform which does not have a clear image of ideal of local autonomy after all did only the reform of the relation between the central and local governments concerning the general reform of state intervention procedure.

Accordingly, for example, the operation and organization of municipality become uniform and standardized, though there's exception. The reform has been self-restricted to the extent that the condition of an actual community is not fully reflected and the municipality cannot make their own choice independently.

After all, in this reform, the most important is the reform of agency-delegated function. Its reform is mainly relating to the authority of prefecture. At this point, the greatest beneficiaries of decentralization reform are all prefectures. Probably prefectures and the old Ministry of Home Affairs (now it becomes the Ministry of general affairs) will surely consider this decentralization reform to be a success. Therefore, this reform appears to be proceeding as if main concern is the reform of the general and procedural relation between central government and prefectures.

6. Governance change in Japan

In this paper, considering the governance of Japan, it has been thought that the decentralization reform becomes the serious, important factor which influences it. It is required to verify whether it is actually important. We will examine it with

applying the framework which analyzed decentralization reform.

The first point is the examination of a central-local relation under the political process of the reform. Change of the governance from the view of process of decentralization reform may be seen in the central-local relationship that is transformed from the interlocked governmental model to the discretely separate model of inter-governmental relation. And it makes the clarification of the rule that is the improvement in the transparency of the central-local relation and is to resolve the conflict in the controls of relation.

The central ministries took the lead of such a reform, and this reform will change the central-local relation into an administrative relation from a political relation. Therefore, the political process relevant to mutual relationship between central politics and local politics becomes what has higher transparency than before the opaque thing. In the future intergovernmental process, the administrative procedure will become more important than the democratic procedure again.

Secondly, we will examine the structure of reform actually performed. It was clear that the change of a policy target and the change of the organization system of the state government became advancing the decentralization reform. The purpose of decentralization reform has had transformed from the authority transfer to the rearrangement of central local relationship. For that reason, although the decentralization reform has to include both reforms of intergovernmental relationship and authority transfer, in fact, the effort of reform has mainly targeted to the central-local relationship.

The third problem is if the result of decentralization reform changes local governance of Japan and the conditions of the function are changed again. As for the area and its activity domain of local government, it appears that the change of local governance may happen in near future. It is clear that the local government can act more freely and has an opportunity to carry out the judgment by itself.

However, there is a possibility that the change of this local governance will be confining the local government activity in the restricted domain. Using much authority under the clear jurisdiction seems to clarify the limit of legal authority and the restriction of activity resources. The local government will have the

limitation of activity by the law and the revenue source of outside, and, on the other hand, it will do self-regulation in the local fiscal crisis from the inside.

Generally speaking, the present decentralization reform might appear to be little change after all. It is pointed out that the many of reform has only confirmed legally the actual management of local government's situation. The agency-delegated function has been domesticated and absorbed into the local autonomy system for a long time, and the state intervention couldn't implement without the cooperation of the local government. Governance of Japan may not change through these decentralization reform.

Will the real change of governance be brought about? If we can conceive the 2nd decentralization reform, a possibility of the change in the governance of Japan may not be denied. The governance in each level of the government in Japan and the governance of the inter-governmental relation will change, if the reform will continue to search the newer reform direction, such as, for example, introduction of regional system, the subsidiary principle, and the expansion of revenue resource, which Committee for the Promotion of Decentralization considered in its final report.

We may expect the future direction as follows: Although present municipality and present prefecture system (two tier system) remain, its number and function may change a lot. The decentralization of authority to the municipality progresses further by the consolidation of municipality and the urbanization. If it does so, the emasculation of prefectures will progress. In other word, the decentralization of authority to municipality makes the role of prefectures very thin. On the other hand, the reform towards rationalization and increase in efficiency of the central government also progresses from now on. The influence also attains to the local government and makes them more streamlined.

Therefore, the regional or prefecture level governance will be expected to change. There are two directions which change the governance of the conventional prefectures. One is foundation of the broader-based self-governing body according to merger of several prefectures. Another is to introduce the regional government over the prefecture and municipality. However, the prediction is difficult for how this changes the local government, the governance of an intergovernmental relation or the central government.

Note:

(1) For example, a proposal and recommendation of the Local Government System Research Council and other institutions concerning metropolitan system were carried out repeatedly in the 1960s, but not realized yet. There were the 9th Local Government System Research Council "Recommendation on the re-distribution of the function" 1963, the 13th Local Government System Research Council "the city system interim report" 1969 and the 14th Local Government System Research Council "Recommendation of big city system" 1970.

(2) In the early 1990, the proposal of the Toshitami Kaihara former governor of Hyogo Prefecture was the enactment of the centralization-of-power restricting law, and the Civic Provisional Investigation Committee for Political Institution's proposal was the decentralization organic act.

(3) The agency delegated function commissions the central government's function to the executive organ of a local government. The governor of prefecture and the chief of municipality have to execute the function conventionally as a junior administrative agency, while the minister as a higher rank agency consigns their function to the local government executive. So to speak, the local government becomes the local branches of central government, and becomes some of national administrative organ. This system has been questioned from the former to be big restrictive conditions for development of the local autonomy in Japan. And the abolition has been discussed, but it was unrealized until year 2000.

(4) The definition that the local autonomy is based on the municipality is generally accepted. On the other hand, the prefecture is also local government in Japan. However, it cannot be denied that the municipality government has its own tradition since the chartered city has been thought as important as one of the ideas supporting the local autonomy after modernization. And in the 20th century, the city was also the place of citizens' liberation and participation or urban social movement again. Although it is ambiguous to make such a viewpoint into the idea of local autonomous system, it is one of the fundamental view point of this paper.