

Historical Development of Japanese Local Governance Vol.5

**Volume 5 The Creation of the Postwar System of Local Autonomy
(1946-1951)**

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Foreword

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

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

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

March 2010

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

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

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

(Chiefs):

Hiroshi IKAWA	Professor, National Graduate Institute for Policy Studies
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This booklet, Vol. 5 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 1946-1951.

The period covered by this volume (1946-1951) can be characterized by the destruction of Japanese society brought about by the Pacific War, and the occupation of Japan by the Allied Forces following Japan’s unconditional surrender. Against the background of the authority embodied in GHQ and its directives, supremacy was vested in the American way of life rather than in any kind of strategy or vision concerned with the way of life of the Japanese people. It is at this time that we can see the formation of many different kinds of legal systems that constitute even today the foundation of local governance and of the administration of Japan as a whole. It is within the context of this kind of age that this volume introduces the history of local governance in Japan on the basis of the current of the times and the movement of national policies.

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

I would like to express my heartfelt appreciation to Professor 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.

March 2010

Hiroshi Ikawa

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Research committee for the project on the overseas dissemination of information
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Volume 5 The Creation of the Postwar System of Local Autonomy (1946-1951)

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Introduction

At the end of the Pacific War, a defeated Japan was occupied by allied forces, primarily from the U.S. As a result of this experience of occupation, politics in Japan underwent great changes. In particular, as a result of the annulment of the Meiji Constitution and the enactment of the Constitution of Japan, Japanese politics tended increasingly to exclude centralization and to promote democratization. More specifically, in the area of local autonomy too, as symbolized by the way in which references to democracy were spelt out in the Articles of the Constitution, the full-scale introduction of local autonomy in the form of local public bodies which serve citizens became a major issue.

This volume will examine a variety of reforms, focusing primarily on the postwar situation in Japan and on the enactment of the Constitution of Japan; within this framework, an overview will be given of the creation of the system which was to become the foundation of local autonomy at the present time.

In the Constitution of Japan, as implemented in 1947, a Chapter on “local self-government” is newly inserted, and the contents show that the concept of local autonomy is recognized in the Constitution. Various laws were also enacted in this period, one after the other, including the Local Autonomy Law, the Local Finance Law, the Local Tax Law, the Local Public Service Law, and the Public Offices Election Law. A further relevant point is that at the same time as it became possible for local public bodies (= local governments) to confirm the implementation of national duties determined by law by the central government, a local finance equalization grant system was introduced on the basis of the local tax allocation system, aiming to alleviate the disparities in financial ability among local public bodies. Furthermore, it was during this period, with the aim of making the concept of local autonomy something realistic and tangible, that the Shoup Recommendations were made. A brave attempt was made to incorporate these into what were known as the “Kambe Recommendations”, but these never reached fruition, and their ideas remained unrealized.

In the area of postwar reforms, the government used the legislative process to ensure that a wide variety of tasks would be carried out by local public bodies, the result of which was to generate a relationship of control and dependency in respect of the various duties to be

undertaken, each of which fell within the jurisdiction of a specific central government ministry or agency. This situation in turn became a hotbed for generating a vertically hierarchical administrative structure consisting of the State (= central government), prefectures and municipalities. A further effect was to generate a system whereby the aim of administrative policy became one of maximizing the profit of companies and areas of activity which fell within the jurisdictional boundaries of particular central government ministries and agencies, and this was the reason why as a result, local administration too became far removed from an administrative system based on the realities of residents and consumers engaged in everyday living. Moreover, although lip service was paid to the concept of respect for local autonomy, as a result of distrust on the part of central government in such local autonomy, including local public bodies and public officials, a wide range of items including, of course, local taxation, and also the organization of local governments, the operation of assemblies, contracts and payments, the salaries of local government officers and personnel expenses, the election of local governments, and so on, all came to be regulated uniformly in detail throughout the country. Hence it was the State, central government, which determined the specific form in which local autonomy should be realized in local public bodies. The rationalization of central government outreach organs also became a matter of all words and no action, and such organs existed side by side with local government bodies, resulting in the wasteful use of time and money. At the present time, many aspects of decentralization are being debated in Japan, but the content of such debates has hardly changed at all during the postwar period. It may be that GHQ's directives were also full of idealism and theory, and that in Japan too, due consideration was not given to the standpoint of the daily lives of citizens, and that a large influence on government thinking was exerted by so-called city-hall logic, reflecting such factors as the adjustment of the vested interests of the central government bureaucracy, embracing ministries such as those concerned with finance, home affairs and education, in the Tokyo Kasumigaseki district, and the theoretical attractiveness of hitherto existing and related systems. There are concerns about whether medium-term and long-term strategic debates were carried on from the standpoint of the daily lives of the people of Japan. Why systems developed in the way that they did, and why there has been no fundamental change in a subsequent period of more than 60 years is a subject for future research.

1 Defeat in World War II and Postwar Democratization

1.1 Defeat in war

The Pacific War, which began with the declaration of war by Japan against the United States of America in December 1941, was followed by a turn-around and a worsening of the military situation in 1942, not necessarily related to the final outcome of the war; accompanying this, it is possible to trace a worsening of the daily lives of the people, taking such forms as food

shortages, through to a landing of American military forces in June 1944 on the Mariana Islands, making it possible to bomb the Japanese mainland, and the increasing severity of such aerial bombing. Moving on further in time, to 1945, in the context of the honorable deaths of the soldiers defending Iwojima, part of the Ogasawara Islands group, and the aerial bombing assault on Okinawa, aerial bombing of the Japanese mainland also increased in severity, and one city after another was burned to the ground.

But even within this kind of overall context, while for their part, the government and the military advocated armed resistance, on the side of the people too, there was no specific movement to want to bring an end to the war.

In July 1945, the leaders of the United States of America, the United Kingdom and the then Soviet Union met in the outskirts of Berlin, and one of the outcomes of the meeting was the issuing of the Potsdam Declaration, issued in the names of the U.S.A., the U.K. and the Republic of China, calling for the unconditional surrender of Japan. The Potsdam Declaration set out as conditions the elimination of militarism, restrictions on Japanese territory, the punishment of war criminals, assistance for the revival of democracy, the maintenance of a peaceful industrial sector, and military occupation of a part of Japanese territory until such time as peace was established between warring nations and the terms of the Declaration were met. After atom bombs were dropped on the cities of Hiroshima and Nagasaki by the U.S. military, and the Soviet Union entered the war, Japan decided to accept the conditions laid down in the Potsdam Declaration, and the decision was conveyed to the Japanese people by an Imperial broadcast on August 15.

A point of interest regarding the dominant class in Japan at this time is that apart from the military aspect, prevailing systems in Japan, beginning with the Imperial system, seem to have been retained. Japan was defeated in war, but “duty to one’s country” remained national polity. In the emergency Diet session in September, the House of Representatives passed unanimously a resolution saying that it was “indispensable” for the Japanese people to apologize to the Emperor for having lost the war, phrased in the following words: “We, the people of Japan, must bow our heads to the ground and lament our grief, shedding tears of shame for the inadequacy of our loyalty.”

1.2 Postwar democratization

(1) Military Occupation

The Allied Forces took up their occupation of Japan, and General MacArthur was named their Supreme Commander. In reality, the occupying forces were almost entirely drawn from the American army, and American intentions were substantially the dominant force in occupation policies. American occupation policy toward Japan can be seen as resting on two foundations: firstly, providing a guarantee that Japan would never again pose a threat to the U.S.A. or to

global security, and secondly, establishing a peaceful and responsible government that would provide support for American objectives. On the basis of these two foundation principles, occupation policy envisaged demilitarization in the various political and economic spheres, the weakening of Japan, democratization, and a change in the structures of government control. The postwar Higashikuni cabinet feared direct control by the occupation forces, and agreed to indirect control by the occupation forces through the medium of the Japanese government, while on the other hand, undertaking to implement absolute cooperation with occupation policies.

(2) The start of democratization

Despite the hopes of the dominant class in Japanese society, efforts to retain firstly, the Imperial system and then the hitherto existing system, were not entirely realized. Accompanying the directives on democratization issued by the occupation forces, the people's perception of their own position grew, and voices demanding a return of their freedom became increasingly strong. In October 1945, the GHQ of the occupying forces delivered to the Japanese government a memorandum entitled "Removal of Restrictions on Political, Civil and Religious Liberties". Specifically, the memorandum demanded such things as the right to have unrestricted discussion of the Emperor, the release of political prisoners, and the abolition of laws that restricted people's freedom such as the Peace Preservation Law. It also demanded the dismissal from office of the Minister of Home Affairs, Yamazaki, and senior officers in the Bureau of Police.

In response, the Higashikuni cabinet said that it could not permit free discussion of the Emperor, and resigned en masse. As Higashikuni's successor, persons close to the Imperial Court nominated the well-known diplomat from the pro-U.S. faction, Shidehara Kijuro, who became Japan's next Prime Minister. Shidehara followed the directives from GHQ, and abolished the Peace Preservation Law.

(3) The Five Major Reform Directives and the purge of public officials

In his first meeting with Prime Minister Shidehara, held in October 1945, General MacArthur presented what became known as the Five Major Reform Directives, consisting of demands for the liberation of women by granting them the right to vote, encouragement of the formation of trade unions, the liberalization of education, abolition of the secret police, and the democratization of economic organizations,.

Furthermore, following the Five Major Reform Directives, which were very general in nature, a series of detailed directives were issued one after the other, covering such matters as dissolution of the "zaibatsu" (family-controlled financial and industrial cliques), agricultural reform, separation of the Shinto religion and the state, the freezing of Imperial assets, cessation of deification of the Emperor, and revision of Moral Training, History and Geography as school subjects.

In the Imperial Diet session held at the end of 1945, among various reforms, the Election Law of Members of the House of Representatives was enacted, women's suffrage and popular elections were realized, the age limit for the right to vote in elections and to stand as a candidate was lowered, the Trade Union Law was enacted, and revision of the Agricultural Land Adjustment Law was carried out (the First Agricultural Reform).

It was also during the period covered by this volume that the arrest of war criminals was carried out. On January 1, 1946, the Emperor issued an Imperial rescript, disavowing his own divinity, and on January 4 a purge from public office of military leaders was carried out.

(4) The purge of public officials

In October 1945, through measures affecting, at a stroke, some 6,000 people, prisoners were released, and senior police officials connected to the special political police under Minister of Home Affairs, Yamasaki, were arrested. On October 22, GHQ issued a directive that with immediate effect, all militarists and extreme nationalists should be expelled from the educational world, and that furthermore, former soldiers and other persons who had been in the armed forces should be temporarily suspended from taking educational jobs. Accordingly, on January 4, 1946, all persons who had been leading militarists or ultra-nationalists were purged from the world of central government politics and bureaucracy, and were deprived of the right to stand as candidates to be elected as members of the Imperial Diet. Subsequently, the scope of the purges was expanded to include employees not recommended by the Imperial Rule Assistance Association as well as prefectural governors, municipal mayors, local public officials and heads of neighborhood associations, and other people in public offices, also including the economic world, thus enabling all the people who were not in favor with GHQ to be stamped out.

(5) Agricultural land reform and the dissolution of the zaibatsu

The government recognized that agricultural land reform was necessary, and their thinking was that in principle, landowners and others involved in the business of agriculture should undertake reform voluntarily. In order to take this kind of voluntary agricultural land reform forward, the government implemented measures such as raising the transfer value of land, and giving encouragement grants to landowners who offered agricultural land. It was against this background that a bill revising part of the Agricultural Land Adjustment Law was presented to the then Imperial Diet. However, in December 1945, while discussions within the Diet were still going on, a memorandum was issued by GHQ, enumerating details of the poison that was eating away at Japanese agriculture, and demanding that the government must not simply leave agricultural land reform to be carried out voluntarily, but should take a leading role and assume responsibility. The memorandum required the government to formulate an agricultural land reform plan, to be approved by GHQ, with its central focus on getting rid of absentee

landowners, protecting owner-farmers, and raising the economic status of farmers. A law amending part of the Agricultural Land Adjustment Law was implemented in February, 1946, constituting the First Agricultural Land Reform. For its part, GHQ then demanded that reform be pursued even more thoroughly; in response, an amendment to the Agricultural Land Adjustment Law was implemented from November, 1948, and the Owner-Farmer Establishment Special Measures Law in December of the same year. Thereafter, the government compulsorily purchased agricultural land from landowners, and sold it to small tenant farmers and others. This constituted the Second Agricultural Reform.

Furthermore, it was ordered that the zaibatsu, consisting of an interlocking network of family-founded companies, should be dispersed, and in the name of democratization of the economy, the dispersal of management resources, comprising capital and production mechanisms, was taken forward.

(6) Movements demanding popular democracy

Production facilities were destroyed through aerial bombing, and at the time of Japan's defeat at the end of the war, the country's factories were at a standstill. The cities with their vast areas of scorched earth were overflowing with returned soldiers and unemployed people, inflation was rampant as a result of increased government expenditures, and people faced great hardships in such areas as food supplies and general living conditions. In 1946, inflation rose even more steeply, and the food supply situation worsened still more. Delays or simply the absence of rationed food supplies became general, and deaths from starvation occurred. It was in this kind of situation that the formation of labor unions and agricultural workers' unions progressed, and developments along these lines resulted in such phenomena as protests against dismissals, demands for an increase in wages, and wider demands for the democratization of workplaces. A further noteworthy point is that leaders of the Communist Party, who were released from prison after having been incarcerated for political crimes, were able to recommence their activities, and they occupied leading positions in the labor movement. In this connection, the three factions of the Proletarian Parties under the Party Cabinet System in prewar Japan coalesced into the Japan Socialist Party.

With regard also to existing political parties, a noteworthy phenomenon that could be observed was the formation of the Japan Liberal Party, the members of which were drawn from the former Seiyukai Party, and of the Japan Progressive Party, the members of which were drawn from the Diet members of the Imperial Rule Assistance Association. Workers' movements calling for rises in pay, which was not keeping pace with inflation, also became active, and a declaration was issued calling on all the 2.6 million workers in all government municipal offices and agencies as the main core, to take part in a general strike on February 1. However, in the event, the strike was called off on orders from General MacArthur.

(7) The first postwar general election and the 90th session of the Imperial Diet

The first general election held after the end of the war took place in April 1946. This was the first election after female suffrage, and the pattern adopted was based on large-scale constituencies, with all adult men and women aged 20 and over having the vote. The results of the election were a humiliating defeat for the Japan Progressive Party, which was effectively the main opposition party, led by Prime Minister Shidehara, an increase in the strength of the Japan Liberal Party and the Japan Socialist Party, acquisition of some seats by the Japan Communist Party, and a large number of votes cast for non-affiliated independents and women candidates. The Shidehara Cabinet attempted to remain the governing party as a minority party, but popular opposition movements escalated, and as a result of the rise in movements to overthrow the cabinet, both from within and outside the cabinet itself, the cabinet resigned en masse on April 22.

Shortly afterwards, on May Day, May 1, 1946, and more especially on May 19, on what became known as “May Food Day”, large numbers of people from all walks of life gathered to demonstrate the people’s wish to overcome the food crisis. In the evening of May Food Day, MacArthur warned that GHQ would take any necessary measures to quell popular violence.

Against the above background, toward the end of May, 1946, Yoshida Shigeru was appointed Prime Minister, heading a cabinet formed by the Japan Liberal Party with the cooperation of the Japan Progressive Party..

It was under the leadership of the Yoshida Cabinet that the 60th session of the Imperial Diet was convened and set to work tackling such serious issues as the Constitution of Japan, agricultural land reform, and the reform of local government systems. Specifically, in this session of the Imperial Diet, the Constitution was revised, and a new system of local autonomy was formed, including revisions to the system of metropolitan Tokyo and to the systems of prefectures, cities, and towns and villages, and the renewed public election of prefectural governors.

2 Enactment of the Constitution of Japan

2.1 How the issue of constitutional revision was raised and tackled

On October 2, 1945, 2 days after the installation of the Shidehara Cabinet, General MacArthur sent Prime Minister Shidehara a directive concerning constitutional reform. On October 27, the government established the Constitutional Problem Investigation Committee, headed by Matsumoto Joji, state minister without portfolio, and the process of examining constitutional reform got underway,. Previous to this, on October 4, MacArthur had already suggested to Konoe Fumimaro, minister of state without portfolio in the Higashikuni Cabinet, the necessity of constitutional reform. The suggestion was duly received, and both Konoe Fumimaro and Sasaki Soichi were appointed as special Imperial assistants, and their examination of

constitutional reform was begun in secret. On the other hand, as soon as the government had appointed its Constitutional Problem Advisory Committee, the debate on constitutional reform intensified with many different reform drafts being put forward in the political parties of the time, in the academic world, and in the press. In spite of all this flurry of activity, the only person who emphasized the need to specify local autonomy in the Constitution was Sasaki Soichi. A reform draft was submitted by the government committee to GHQ, but was judged to be unsatisfactory. The main reasons for the criticisms cited by GHQ for its dissatisfaction were the lack of any regulatory guarantee against the inappropriate exercise of judicial power, the inadequacy of expansion and strengthening of electoral power, and the lack of a guarantee of local autonomy.

2.2 Local autonomy in drafts of Constitution revisions

Local autonomy was a topic in which GHQ had a strong interest is shown in the following fundamental directive sent by the Headquarters of the Joint Chiefs of Staff to SCAP on November 3, 1945. 1) Local areas should be encouraged to take responsibility for the implementation and promotion of national policy in their areas; 2) The free election of local governments by means of a formal election system should be something to be implemented as speedily as possible; and 3) Free elections at regional levels and at the national level should be implemented on the basis of an order issued by the Joint Chiefs of Staff, referring to your recommendations. According to a subsequent report issued by the Government Section of the Joint Chiefs of Staff, entitled “The Political Reorientation of Japan”, the basic thinking of the Government Section was along the following lines: “A representative system denotes a system that operates through the intermediary level of public officials who are elected by the people, and who accept responsibility toward the people. It is the people who determine the policies of local public bodies, and it is at the time when duties are administered that they grasp this function to the fullest extent. In this kind of situation, it is difficult for authoritarian infringement in respect of the daily lives and rights of the people to be implemented and to continue to exist. The kind of government referred to here should act in accordance with the will of the people, and must not lose the distinctive characteristic of serving the people. Furthermore, in order that a healthy, representative system that can act in a powerful manner can be maintained in the country as a whole, it is necessary in the first case for local public bodies to exist within the framework of a representative political system, to carry out their activities in a lively and vigorous manner, and to become bodies which accept responsibility on their own initiative. The local administrative organizations in Japan at the start of the occupation were in general far removed from the concept of autonomy. Their character was very authoritarian, and local public bodies were nothing more than the hands and feet of central government. The concept of special measures corresponding to the circumstances, needs or wishes of local areas

was not considered in the implementation of local administration, and local public bodies were not permitted to act in this way. All important problems were solved in Tokyo, or by central government officials working in local areas whose authority was transmitted from Tokyo and whose sense of responsibility was to Tokyo. Local people made no attempt to intervene positively in matters of local administration. For them, the organ of local administration was no more than an organ manipulated by the authority of those in a place far removed from them, and the pressure exerted by this authority was in every way something piled on to their daily lives. Reforming this system has been strongly emphasized as an indispensable factor in the plans for democratization shown to the Japanese people.”

The Meiji Constitution included no Articles whatever referring to local autonomy, and local public bodies were incorporated into a centralized system which saw them as the smallest level end organs operating under the direction and supervision of central government.

Looking at the overall context of the enactment of the Constitution of Japan, many different drafts of the Constitution were issued including the government draft, but they included virtually no regulations of any kind concerning what the nature of local public bodies should be.

GHQ’s comment was along the following lines: “Based on considerations made by people who have an interest in reform and bonds, something we would like to think about is why such an important item is missing it may be either that the concept of centralized authority is deeply ingrained in their thinking, or that local autonomy is thought of as a very minor item which can be left to the State”.

It may be the case that for the people living in the period covered by this volume, just the idea of examining the form that local autonomy should take was in itself something that lacked any feeling of reality.

2.3 Presentation of the draft produced by GHQ

On February 1, 1946, the government presented to GHQ the main points of its constitutional revisions, which were based on the examination carried out by the Constitutional Problem Investigation Committee. GHQ responded by expressing its dissatisfaction at the fact that the draft did not contain any Articles concerned with local autonomy and at the fact that there was no guarantee against establishing national organizations which were not based on the Constitution. On February 3, MacArthur produced a revised constitutional draft that had been written by GHQ and, judging that it was appropriate to present this to the Japanese government, entrusted the government section with the task of doing this. On February 13, the government section of GHQ handed over the revision that it had produced to the Japanese government, and demanded that the government make this public to the people of Japan as if it was a draft produced by the government. It was indicated that if the Japanese government refused to do this, then MacArthur would himself show the draft to the Japanese people. In the draft, the general

principles that the Emperor was merely a symbol and that authority was vested in the people of Japan were clearly enunciated, and guarantees of the democratic rights of the people were specified. An Article renouncing war was also included, and with regard to local autonomy, the following stipulations were made.

Article 86. The following shall be elected by direct, popular election in their respective societies: prefectural chiefs, city mayors, town mayors, other persons with the right of tax collection, and the heads of other lower autonomous bodies and legal persons, members of prefectural and other local assemblies, as well as other prefectural and local officials to be determined by the Diet.

Article 87. The inhabitants of the metropolitan area, and of the cities and towns of Japan have the right to manage their own property, their duties and their political affairs, and further, the right to formulate their own charter, within the limits of the law established by the national Diet; this right shall not be taken from them.

Article 88. The National Diet stipulates that the general law shall be applied in the metropolitan area and in the cities and towns of Japan, and that no special law shall apply in these areas. However, on the condition that a majority of voters in the said areas agree, this limitation shall not apply.

2.4 Confirmation of revised drafts of the Constitution

With regard to the reaction of the Japanese government to the drafts produced by GHQ, there were strong differences of opinion within the government, but on February 22, 1946, it was decided in principle to accept the drafts. There followed a series of exchanges between GHQ and the government, involving such issues as the nuancing of expressions, detailed adjustments of the translation and so on, but by means of a Cabinet resolution on March 5, the Constitutional revisions were confirmed.

2.5 Consultations over revisions to the Constitution; its promulgation and implementation

The content of the revisions to the Constitution made it completely different from the former Constitutions, so that its promulgation effectively represented the enactment of a new Constitutional law. In terms of the formalities concerned, however, the process was carried out as a revision of the former Constitution; “procedures for revising the Constitution of the Great Empire of Japan” were set down in the text of the Constitution of the Great Empire of Japan, and following these procedures, comments were made to the Imperial advisors, and after points for discussion had been made to the Imperial assembly and a special resolution taken, the approval of the Emperor was obtained, and the Constitution was promulgated in November 3, 1946. On the following day, November 4, the Yoshida Cabinet announced its 6 Major Principles in terms

of the immediate policy issues facing the Cabinet. These consisted of the following: renewal of the education system, improvement of the system of administrative organizations and public officials, rebuilding Japan's industrial economic system, attaining stability in the area of labor and public welfare, thorough dissemination of the Constitution, and the independence of local autonomy. On May 3, 1947, the new Constitution was implemented, and at the same time, a number of laws were implemented, including the Local Autonomy Law as well as the Diet Law, the Cabinet Law, and the Court Organization Law.

On the other hand, even in the 90th session of the Imperial Diet, which examined the Constitution of Japan, the then Minister for Home Affairs, Omura Shoichi, whose jurisdictional responsibilities included local bodies, spoke as follows: "Article 92 of the Constitution does not have the meaning that local autonomy must by all means be approved, nor does it mean that it must in general be promoted." He continued: "The outward appearance of the local system at present ... leads to the conclusion that it is more appropriate for this to be maintained, even after constitutional revision (enactment of the Constitution of Japan) and that in the future too, there is no need for radical change in the appearance of local administrative organizations."

2.6 A guarantee of local autonomy in the Constitution of Japan

In the Constitution of Japan, 4 Articles, making up 1 Chapter, prescribe matters concerning local self-government (= local autonomy)

Chapter VIII

Article 92:

Regulations concerning organization and operations of local public entities shall be fixed by law in accordance with the principle of local autonomy.

Article 93:

The local public entities shall establish assemblies as their deliberative organs, in accordance with law. 2) The chief executive officers of all local public entities, the members of their assemblies, and such other local officials as may be determined by law shall be elected by direct popular vote within their several communities.

Article 94:

Local public entities shall have the right to manage their property, affairs and administration and to enact their own regulations within law.

Article 95:

A special law, applicable only to one local public entity, cannot be enacted by the Diet without the consent of the majority of the voters of the local public entity concerned, obtained in accordance with law.

3 The first local system reform

3.1 Direct popular election of prefectural governors and chiefs of municipalities (cities, wards, towns and villages)

Since the establishment of prefectures in the place of feudal domains in 1871, chiefs of prefectures have fundamentally been appointed by the government from among the ranks of officials in the Ministry of the Interior. However, by means of the revision of prefectures promulgated in September 1946, it was established that prefectural chiefs should be chosen by means of direct election by the residents of the prefecture concerned. When in March 1946, the government submitted to GHQ its Outline of a Draft for a Revised Constitution, GHQ replied that without waiting for constitutional revision, the Japanese government should submit draft plans for the reform of local government in order to realize a public election system for the chief of Metropolitan Tokyo, the chief of Hokkaido, and other prefectural governors. For its part, the Ministry of the Interior at this time felt that it should not oppose the appointment of private-sector individuals to the post of local chief, but wondered if it might not be possible to use the method of indirect election in local assemblies in the same way as the method used to elect the chiefs of cities, towns and villages. However, GHQ did not accept the idea of indirect elections.

On April 5, 1947, the first elections were held under a system whereby local residents publicly elected the chiefs of Hokkaido and Tokyo, and the governors of other prefectures, and the same system was implemented for the election of the mayors of cities, wards, towns and villages. The results were that among the 46 newly elected prefectural chiefs and governors, 32 had a previous history as central government officials, and 28 had been governors either in the immediate past or previously. With regard to the mayors of cities, wards, towns and villages, in the case of Yokohama and Osaka, a member of the Socialist Party was elected for the first time, while in Nagano, a small number of members of the Communist Party, 6 to be specific, were elected, also for the first time, as village mayors; most of those elected had previous experience as mayors, or deputy mayors, of a municipality. Following these elections, the election of members of assemblies in prefectures or municipalities was held on April 30.

On May 1, 1950, the various kinds of election laws and regulations that had existed up to that point were unified by means of the implementation of the Public Offices Election Law, which applied to the election of members of the House of Representatives and the House of Councillors, members and chiefs of local public bodies, as well as members of boards of education.

3.2 The first stage of local system reform

With a view to implementing the introduction of a public election system for prefectural chiefs and for mayors of cities, towns and villages, and carrying out large-scale system reforms,

the government formulated laws to reform the system of Tokyo metropolis, prefectures, and cities, as well as towns and villages, and presented drafts to the Imperial Diet in July 1946, with the result that the laws were enacted in September of the same year, and implemented from October.

The main content of this first stage of local system reform was as follows: 1) enabling the following officers to be elected by residents of the areas concerned through a system of direct public election: the chief of Tokyo Metropolis, the chief of Hokkaido, other prefectural governors, the mayors of cities, towns and villages, and the mayors of Tokyo special wards; 2) strengthening and expanding the right of men and women aged 20 and over to elect members of a local assembly and to stand as candidates for election to such an assembly; 3) the creation of a system whereby residents could make demands for the enactment or improvement of bylaws, and for the removal from office of the local Chief and/or member(s) of an assembly; 4) establishing an audit system and creating system whereby residents can make direct demands to the auditors regarding items that should be audited; 5) establishing an independent election committee to carry out the duties of elections; 6) establishing a system of remuneration to assembly members, and extending the authority of local assemblies regarding assembly resolutions and other matters; 7) making it possible for a local Chief to dissolve an assembly in the event that a vote of no-confidence is passed regarding the Chief; and 8) giving local residents the right to make a direct request to the Minister of the Interior for the dissolution of a local assembly.

3.3 The abolition of neighborhood family groupings, neighborhood associations, and peasant hamlets

The different types of autonomous groupings among residents in urban and rural areas in Japan, comprising neighborhood family groups, neighborhood associations and hamlets, had all evolved spontaneously and developed over a long period of time. However, since the Sino-Japanese War, the military organization of society had been strengthened, and regulations concerning such groupings were incorporated into the system of cities, towns and villages; specifically, the function of the groupings as sub-units of municipalities (cities, towns and villages), which saw their role as being the end-units of national administration, was strengthened. For its part, GHQ thought of neighborhood associations and the like as handicaps to free elections or as tools of the “thought police”, and saw their existence as harmful to the democratization of the people. On the basis of a demand from GHQ, a Cabinet resolution abolishing neighborhood associations and the like as subsidiary organizations of municipalities, was passed, and implemented in April of the same year. However, many of the neighborhood associations and the like had been created and had developed as naturally occurring residents’ organizations that were deeply rooted in people’s daily lives, and it was reported that within 3

months, 80%, and within 4 months, 97% of these neighborhood organizations, hamlets and so on, which represented spontaneous manifestations of residential autonomy, had been reorganized and were functioning again.

4 Enactment of the Local Autonomy Law – the second stage of local system reform

4.1 Enactment of the Local Autonomy Law

The first stage of local system reform was implemented without sufficient prior liaison with GHQ having taken place, so that GHQ was dissatisfied. The result of this was that the government promised to present a revised version of the local system reform to the next session of the Imperial Diet, and obtained GHQ's agreement to its doing this. In September 1946, the government established the Local Government System Research Council with a view to investigating and deliberating on items concerned with local administration in response to a request for advice from the Minister of the Interior. On the basis of a report from the Council made to the Minister in December of the same year, the government submitted a draft bill of the Local Autonomy Law to the Imperial Diet in March 1947. After receiving the opinions of GHQ, a committee of the House of Representatives made some amendments to the draft, approval was obtained of the amendments made, and the Local Autonomy Law was enacted on March 28, and implemented on May 3, at the same time as the new Constitution of Japan.

4.2 An overview of the system of local governance

The various kinds of local public bodies

Local public bodies were separated on the one hand into standard or ordinary local public bodies, comprising prefectures and municipalities, and on the other hand, into special local public bodies, comprising special cities, special wards, cooperatives of local public bodies, or property wards. The dual structure of prefectures and municipalities remained unchanged.

The duties of local public bodies

The system that was created was one in which ordinary local public bodies carried out the duties appertaining to this status, and at the same time, the duties accruing to any ordinary local public body as a result of existing laws or regulations or of laws or regulations passed in the future. Furthermore, according to the original draft of the Ministry of the Interior, special local administrative offices deemed ready to be abolished would be abolished, and their duties reallocated to prefectures as well as special cities. However, the Ministry of Finance insisted that national-level special local administrative organs, which straddled several prefectures, should all remain in place, and other Ministries too insisted on the continuance of local administrative organs within their respective areas of jurisdiction, with the result that the government's position became one of leaving things as they were.

Direct demands for the dissolution of assemblies

In the first stage of local system reform in 1946, local residents were given the right to make a demand to the Minister of the Interior for the dissolution of a local assembly. However, by means of a revision in matters concerning assemblies, carried out on the basis of GHQ's thinking, the right of residents to make a direct demand to an assembly for its dissolution was approved.

Abolition of the system of holding concurrent jobs

Hitherto, it had been the case that only prefectural assembly members were barred from serving concurrently as members of the House of Representatives, but under the reforms, all members of the assemblies of ordinary local public bodies, including municipalities, were banned from serving concurrently as members of the national Diet.

Investigative powers of local assemblies

Hitherto, it had been the case that local assemblies had no rights to investigate the duties of local public bodies concerned, to require persons concerned to make an appearance at assembly proceedings, or to require testimony or records to be produced, but under the reforms, local assemblies were given the authority to implement investigations concerned with the duties of local public bodies.

Introduction of the system of standing committees into local assemblies

Following the example of the National Diet, a system of standing committees was introduced into local assemblies, so that even when an assembly was not in session, it became possible to implement an investigation or to make a petition for an investigation into matters pertaining to the function of the assembly.

Title of the Chief of a prefecture

It had hitherto been the case that the title or appellation of the Chiefs of metropolitan Tokyo, Hokkaido, Kyoto and Osaka, and other prefectures were different, but under the reforms, they were all given the title of governor.

The dismissal of prefectural governors and municipal mayors

Hitherto, the governors of prefectures had been officers appointed by the state, and they had the power, when the mayor of a municipality acted contrary to, or neglected the professional duties of the post, to implement disciplinary procedures such as suspension or dismissal, acting through the medium of a resolution by the Disciplinary Committee. By virtue of the fact that a prefectural governor or a municipal mayor was appointed to carry out the duties of the State, when the governor acted in a way that the Minister of the Interior deemed clearly incompatible with the duties of the post, or the mayor in a way that the governor deemed clearly incompatible, then they could be prosecuted in a court of impeachment and threatened with dismissal under the laws governing their respective positions.

Establishment of the position of vice-governor

It was stipulated that the position of vice-governor be established, and a person appointed to the post subject to the agreement of the governor and the prefectural assembly. Furthermore, it was possible to increase the number of vice-governors to 2 when the population was 2 million or more, and to 3 when it was 3 million or more.

Abolition of the general supervisory powers of the Minister of the Interior

Hitherto, general supervisory authority was exercised in the case of a prefecture by the Minister of the Interior, and in the case of a municipality, by the prefectural governor and the Minister of the Interior. The persons having such authority were able to issue necessary orders or implement measures relating to their respective supervisory authority. On receipt of a report from the Local Government System Research Council, the government formulated a request to change “supervision” to “jurisdiction”. However, in accordance with an opinion received from GHQ, deletions and amendments were made at the stage of deliberations in the House of Representatives, to the effect that the relevant national government bodies should go no further than requiring the ordinary local public body concerned to make a report, to produce documentation, and to inspect the duties in question.

Abolition of the compulsory budget and of the execution by proxy system

Hitherto, when the necessary budget was not drawn up by a municipality (city, town or village), the prefectural governor was able to add the costs of drawing it up to the budget of the municipality, and when the mayor of the municipality or other officials did not execute the items that should be executed, the prefectural governor, or other officers to whom the governor’s authority had been devolved, could execute the necessary items, with the costs imposed as a burden on the municipality. After the reforms, the possibility emerged that, because of connections with political parties, even at prefectural level, some national duties might not be implemented, so it is stipulated that occasionally, as special measures to deal with rarely occurring cases, the appropriate national administrative organ with jurisdiction over the area concerned, “may, in a case where an ordinary local body bears the burden of costs determined by law or government order, or in a case where the costs ordered by a government body by virtue of its professional authority, on the basis of law or regulations, are not incorporated into the local body’s budget, add the costs to the budget of the local body, showing the reason for doing this”. Furthermore, “in cases where the Chief of a local public body, or an officer serving as an assistant, an election supervisory committee or a member of an audit committee, does not implement a duty specified in law or government regulations, the organ having administrative jurisdiction, or persons to whom the authority of the organ has been delegated, may implement the duty in such a way that the costs are borne by the ordinary local public body.”

The creation of special cities

In the case of the 5 large cities of Yokohama, Nagoya, Kyoto, Osaka and Kobe, a strong

movement emerged, taking advantage of the postwar wave of democratization, calling for the creation of a system of special cities which were, for all practical purposes, separated from the administrative control of prefectures. Because the necessity for such separation was not clear, and because, from an economic perspective, there was a need for a unified area equivalent to that of a prefecture, there was strong opposition to this movement from the side of prefectures. For its part, the government expressed its views as follows: "The important points of democracy are to be found in the way in which local public bodies are formed in each area, structures are determined in line with such factors as the population and the industrial and economic competencies of the area concerned, and authority is given to the local bodies; it is by giving them authority that the government helps them to be formed and to develop, and promotes their eager participation in activities". The explanation continues: "It is not only that in general large cities have the same real power as prefectures in terms of their physical area, their population, their industry, economy and so on, but that their status as embodied in their cultural as well as their commercial trading links is not limited to every part of the nation of Japan, but also has an international dimension. Looking also at the projects managed by large cities within the framework of their special characteristics, it can be said that in general these cover a wider area than those of prefectures, and are more complex and diversified, also that the organization of the tasks they undertake and their personnel structures are in no way inferior to those of prefectures." Further, "It follows from this that when we look at the ability of large cities in terms of their operating functions and see that these are actually at the same level as those of prefectures, then making them subject to prefectural supervision simply because they are located within the physical area of a prefecture, goes beyond simply restricting the freedom and energy of their activities, acting as a barrier to their development, and hindering the formation of their administration. It means that the items that are supervised are arranged in a certain way, and are restrained from a variety of different aspects." Further, "When we reduce the harmful effects of dual administration, and promote the independence of cities, we are able to reduce unnecessary projects and facilities, and to economize on operating expenses; we can do this by firmly rationalizing the administration so that all kinds of projects and facilities are managed in a unified way." Against the background of the perspectives expressed here, the system of special cities was introduced into the government's draft. In the Local Autonomy Law, the following provision was set down in Article 265: "Special cities are cities that are so designated by law and have a population of 500,000 or more. In the case of abolition of the designation, this must also be carried out on the basis of law." Administrative organizations such as prefectural offices and city halls, as well as the feelings of the civil servants who work there, were debated in terms of giving theoretical precedence to rationalization, but there was no debate from the perspective of residents or from the perspective that inhabitants of a city are also inhabitants of a prefecture. Furthermore, the way of thinking expressed in the view that it is the state which establishes

through law the relationship between prefectures and cities, is the same way of thinking that underlies the present situation, whereby on the one hand, citizen autonomy is highly praised, but on the other hand, the state takes decisions to intervene at every point. This kind of thinking is no different from the present pattern of government, which while advocating decentralization, at the same time takes the view that with regard to the pattern to be adopted by local public bodies in this age of decentralization, everything must be debated and regulated in a uniform fashion throughout the country as a whole.

5 The third stage of local system reform (the 1947 revisions to the Local Autonomy Law)

5.1 Revisions to the Local Autonomy Law

The Local Autonomy Law was promulgated and implemented without adequate discussions having taken place with GHQ. Even after the law had been implemented, GHQ continued to examine the law, while expressing its views to the government on the revisions that should be made, and in July 1947, issued its view on 40 specific revisions to the law. Even after this, negotiations between the Ministry of the Interior and GHQ continued, and even after the drafts of additional bills had been presented to the Diet, further revisions were made as a result of the negotiations with the Diet, and the revisions were finally enacted on December 5. The revised law was implemented in stages up until January 1, 1948, and in this way, the new postwar system of local autonomy in Japan was put firmly in the main stream of Japanese administration.

5.2 An overview of the revisions

(1) Expansion of the right to dispose of administrative duties

Hitherto, local public bodies were designated as bodies which on the one hand, carried out duties and tasks which had the object of increasing the public welfare, and on the other hand, carried out duties delegated to them by the State or by prefectures. In the government-drafted reforms, nothing changed in this respect, but in the revisions made in the House of Representatives on the basis of opinions from GHQ, it was stipulated that with regard to actions restraining or forbidding the freedom of citizens, local public bodies were enabled to enact and implement comprehensive bylaws, provided that these were not contrary to national laws and government orders (and in the case of municipalities, were not contrary to prefectural bylaws). Against this background, Article 2.2 of the Local Autonomy Law was revised to read as follows: “An ordinary local public body shall perform the duties appertaining to a local public body, as determined by existing laws and cabinet orders as well as future laws and cabinet orders, and shall in addition perform other duties appertaining to the State that fall within its jurisdiction.”

(2) The expansion of the enactment of bylaws, and punishments for infringement

Hitherto, it had been possible for prefectures and municipalities to enact bylaws in connection with their duties within the limits of the law. As an addition, it was also stipulated that any person who violated a prefectural bylaw concerning a duty of the State assigned to the prefecture by law or cabinet order, could be subject to criminal prosecution by the State in accordance with what was determined by law. As a result of the strong insistence of GHQ, a regulation was incorporated into the Local Autonomy Law (Article 14, 5) to the effect that a local public body could impose as a penalty on a person who violated a bylaw imprisonment with or without hard labor, for a term not exceeding 2 years, a fine of less than ¥100,000, detention, a minor fine or confiscation of property.

(3) Adoption of a system of legal proceedings against a prefectural governor or a municipal mayor seeking the implementation of a professional order

A specific examination was made of the possibility of introducing a system of a Court of Impeachment with the object of bringing proceedings for the removal from office of a prefectural governor or a municipal mayor who had committed an action that was clearly incompatible with the status of governor or mayor, but it soon became clear that there were problems involved in doing this. This being the case, the government abandoned the idea of a Court of Impeachment. In its place, a system was created of removing from office the governor of a prefecture and/or the mayor of a municipality, both of which posts are organs of the State, by means of a professional enforcement order issued by a court, or by proxy implementation by the Minister of Home Affairs, or by the Prime Minister on the basis of confirmation by the court, or in the case of a municipal mayor, by the prefectural governor.

(4) Rearrangement of the administrative structure of prefectures

The question of what sections should be formed within a prefectural office was determined by the Local Autonomy Law. However, it was stipulated that when it was necessary, mergers or the separation of sections, as well as changes in jurisdictional duties, could be carried out by means of bylaws. By the use of this procedure, many sections were established, and a detailed division of jurisdictional duties was carried out. Furthermore, in order that ministries and agencies of the State (central government) could entrust the execution of national duties to prefectures, the organizational structure of prefectures had to be uniform throughout the country. In these circumstances, the following 7 sections, namely General Affairs, Public Welfare, Education, Economy, Civil Engineering, Sanitation and Agricultural Land, were designated as compulsory, while the establishment of 5 sections, namely Agriculture and Forestry, Commerce, Fisheries, Labor, and Public Works Projects, was voluntary (in the case of Hokkaido, another section, Reclamation, was added, making 6 sections in all).

(5) Permission to issue local bonds

It was stipulated in the Local Autonomy Law that local public bodies had to ask specific permission from the relevant central government ministry or agency when they wanted to issue local bonds. However, GHQ was of the very strong opinion that local public bodies should be able to borrow freely. On the other hand, in a situation where national funds as a whole were drying up, the funds that local public bodies wanted could not be supplied. It was also necessary to clamp down on the useless use of funds. For reasons like these, while in principle, the issuing of bonds was freely permitted, it remained the cases that for a while, the permission of the government body having the relevant jurisdiction was required.

6 Administrative adjustments

With a view to increasing the efficiency of administrative organs, the government passed a Cabinet resolution concerning administrative adjustments in January 1948. The main contents were set out in terms of the following aims: 1) to abolish unnecessary and non-urgent duties, and to simplify and rationalize government organs; 2) to get rid of duplication of authority among central government ministries and agencies, and at the same time, to make every effort to rationalize central government outreach offices and incorporate them into local public bodies; and 3) to reduce by 25% the number of members specified in the budget. In order to realize these aims, the Provisional Commission for the Reform of Administrative Structures was established on February 16. Furthermore, in a Cabinet resolution of February 1949, a number of items concerned with the reform of administrative organizations and personnel numbers were agreed, specifically, a cut of 30% in the number of sections and bureaus in government ministries and agencies, a cut of 30% in the number of those engaged in clerical budget-related work, and a cut of 20% in operations such as the National Railways, the Monopoly Corporation, etc. In May of the same year, the Law concerning the Number of Personnel in Administrative Organs was enacted, and implemented from the following month, June. Approximately 290,000 persons were affected by this law. At the level of local public bodies too, administrative reform was seen as an objective, and a Cabinet resolution of April 1949 determined on an Outline of Administrative Reform of Local Public Bodies. Under this resolution, the scale of the organization of prefectures and the 5 large cities of Japan was to be reduced by about 30%, and that of other municipalities by about 20%. Moreover, in a Cabinet resolution of May of the same year, the government determined to encourage the rationalization of personnel in local public bodies, reducing the number of clerical personnel in prefectures and the 5 large cities by 30%, and the number of on-site personnel by 20%. In other municipalities, the number of clerical personnel was to be reduced by 20%, and the number of on-site personnel by 10%. Local public bodies were encouraged to achieve these reductions by the end of September of the same year.

7 The 4th stage of local system reform (1948 revision of the Local Autonomy Law)

7.1 Revision of the Local Autonomy Law

In February 1948, GHQ revealed a draft revision of the Local Autonomy Law. The draft contains detailed and specific instructions, for example, a list of 120 items that should be delegated to local public bodies. The government continued its negotiations with GHQ, and in April 1948, a government draft was confirmed and presented to the Diet. After deliberations in the Diet, the new law was enacted in June, and became effective on August 1.

7.2 Overview of the revisions

(1) A list of the duties to be carried out by local public bodies

The duties of local public bodies were comprehensively regulated by the Local Autonomy Law, but the law did not make it clear what kind of duties local public bodies were to perform. With a view to clearly specifying the actual duties in terms of the Local Autonomy Law and to deepening the understanding and interest of the ordinary citizen in local autonomy, the content of the duties to be undertaken by local public bodies under the terms of the Local Autonomy Law was clearly set out, with specific examples given in Article 2 of the law, where 21 items are categorized. In addition, in order to be able to give orders regarding the scope of national duties which cannot be undertaken by local public bodies, 8 such specific items which local public bodies cannot deal with, are listed, in clause 4 of the same Article, thus making it clear in the law that these items fall outside the scope of the functions of local public bodies.

However, in practice, many national duties were implemented by local public bodies as agency delegated functions.

(2) Limitations on the authority to demand the enactment, revision and abolition of bylaws

The Local Autonomy Law recognized the right of citizens to demand the enactment, or the revision or abolition of bylaws, but items concerned with local taxes, assignment of expenses, or the imposition and collection of usage fees or handling charges fell outside the scope of this provision.

(3) Expansion of the prohibition on concurrent posts being occupied by the Chief or by assembly members

Under the Local Autonomy Law, it was forbidden for the Chief or an assembly member of an ordinary local public body to serve concurrently as an officer of the said local body or to receive a salary from this body. The result of a process of adjustment with GHQ was that it was stipulated that a member of an assembly of an ordinary local body could not concurrently serve

as a salaried officer even of another ordinary local body. Furthermore, the Chief of an ordinary local body could not serve concurrently as an assembly member of another ordinary local public body.

(4) Additions to the items in a local assembly resolution

It was stipulated that the following items could be added to a local assembly resolution: 1) matters concerning the repayment of tax illegally imposed and collected; 2) matters concerning the acquisition or disposal of assets, as determined in a bylaw, as well as the construction or disposal of buildings; 3) matters concerning the receipt of a contribution with a burden attached or of a donation; 4) matters concerning the signing of a contract, as determined by bylaw; 5) matters concerning the role of a local public body as a mediator, third party or middleman; and 6) matters concerning the amount of compensation pertaining to a legal obligation on the part of the local public body.

(5) The creation of a system to enable residents to demand an audit

It was stipulated that if the Chief or another officer of a local public body engaged in illegal use of public funds, or in inappropriate expenditure or extravagance, or disposed of assets in an illegal or inappropriate manner, created a burden by making illegal loans or imposing other administrative duties, made illegal use of assets or buildings, or completed or executed a contract that was contrary to the law or in excess of the officer's authority, and so on, then in circumstances such as these, residents could demand of the Audit Committee that an audit be carried out and that measures to restrain or prohibit the said actions be taken.

(6) Dissolution of municipal mergers in wartime

Such matters as changes in the boundaries between municipalities or absorptions or mergers between neighboring municipalities that took place in the wartime period between 1937 and 1945 could be returned to their original condition by means of a ballot of residents in the areas concerned.

8 Dismantling the Ministry of the Interior

8.1 Dismantling the Ministry of the Interior

On April 30, 1947, GHQ handed over a "Memo concerning the Decentralization of the Ministry of the Interior". Specifically, it required the government to submit to GHQ by June 1 a plan for the reform of this Ministry in line with GHQ's thinking, which was centered on the relaxation of centralized control. On the basis of negotiations with GHQ, a Cabinet resolution of June 27 approved the dissolution of the Ministry of the Interior, the various functions of which would be assigned as follows. The duties of the Local Bureau were to be handed over to the

Local Autonomy Committee, and those of the National Land Bureau and the War Damage Recovery Institute to the Construction Institute, while the Public Safety Agency was created to handle the duties of the Warning Protection Bureau and the Investigation Bureau. By these means, the dismantling of the Home Ministry was determined, and 8 draft laws to cover the various transfers of duties were presented to the Diet in August. Furthermore, the newly devised Local Autonomy Committee would take the form of an organization having a representative system, with a representative selected by the Chiefs of local public bodies, a representative selected by the Diet, and the Minister of State. However, in September, GHQ said that the overall concept of the Local Autonomy Committee was incompatible with the concept of decentralization, and demanded that the plan to establish the committee be annulled. On receipt of this communication, the government withdrew the proposed draft laws. GHQ's thinking was that central government organizations to oversee local autonomy were unnecessary, and it was sufficient for the Diet to pass laws relating to this issue. On December 31, 1947, the Ministry of the Interior was abolished.

8.2 Establishment of the Home Affairs Bureau

Subsequent to the above, on January 1, 1948, the Home Affairs Bureau and the Construction Board started work. The Construction Board was the result of an amalgamation of the former National Land Bureau and the War Damage Recovery Institute of the former Home Ministry, and was created as an external bureau of the Prime Minister's Agency. In addition, on January 3, the National Election Supervision Committee, and on January 7, the Local Finance Committee was established, and became an independent organization that produced planning drafts of the local tax and finance system that had fallen under the jurisdiction of the former Local Bureau of the Home Ministry. The Local Finance Committee was composed of 5 persons, specifically, the Minister of State, 1 person nominated by the Chiefs of the House of Representatives and the House of Councilors, and one person representing each of the prefectural governors, the mayors of cities, and the mayors of towns and villages. The secretariat was composed of 12 people or less.

In March 1948, the Home Ministry was abolished, an Autonomy Section was located in the secretariat of the Prime Minister's Agency, and the work of the former Home Ministry continued. Later, on June 1, 1949, the Autonomy Section in the secretariat of what became the Prime Minister's office was merged with the Local Finance Committee, as a result of which the Local Autonomy Agency was established as an external bureau of the Prime Minister's office. In a further development in June 1950, on the basis of the Shoup recommendations, the Local Finance Committee was established as an external bureau of the Prime Minister's Office, and the entire work of preparing planning drafts and draft laws concerned with the local tax and finance system was placed under the jurisdiction of the Local Autonomy Agency.

9 Local finance

9.1 Continuing inflation

At the end of the war, as the result of a number of factors, including an inadequate supply of labor, the destruction of factories as a result of bombing and a lack of raw materials imported into the country from overseas, every industrial sector in Japan had ceased activity. Agricultural production was also stagnant, and as a result of the return to Japan of Japanese soldiers and other Japanese who had been living overseas, the food situation became extremely bad, and the number of unemployed persons increased. Postwar inflation also increased at an explosive rate, and the rise continued despite financial measures taken by the government, so that living standards fell still further as people were thrown into poverty. Furthermore, as a result of the war, most Japanese cities had been burned to the ground, and productive activity had come to a standstill, while the tax revenue of local public bodies had also decreased. Added to all this was inflation.

9.2 An increase in financial demand

Local bodies needed vast amounts of funds to restore many different kinds of facilities destroyed by aerial bombing in the war, including every kind of civil engineering structure, government offices, schools and more, as well as an increased amount of foodstuffs to protect the increasing number of impoverished people.

(1) Help for the unemployed and emergency public works projects

The state of Japan after the end of the war was one of confusion, characterized by such things as the loss and devastation of national land, the destruction of the facilities of daily life through aerial bombing, and vast increases in the number of unemployed people. With this background in mind, a Cabinet resolution entitled “An outline of emergency employment measures” was passed in February 1946. As a result, public works project planning was carried out from May, and simple public works projects were implemented from August of that year. Moreover, efforts were not limited to manual work; with the aim of providing unemployment support for white-collar workers, “broad-based public works projects” were implemented from September. These were implemented in fiscal 1947 and fiscal 1948, and one-third of the costs were borne by local public bodies.

(2) Enactment of the Livelihood Protection Law

As a result of the steep rise of people in difficulties in their daily lives, the government decided to implement a livelihood assistance program, aimed at people who were destitute and having extreme problems in their daily lives, providing accommodation, work, treatment for illness, clothes, bedding and other necessities of daily life, as well as supplying food provisions.

With these aims in mind, the government passed in December 1945 a cabinet resolution entitled “An outline of emergency livelihood assistance for people suffering destitution in their daily lives”, to be implemented from April 1946. At the beginning of the program, it reached 1.26 million people (1.7% of the Japanese population at the time). Subsequently, the Livelihood Protection Law was enacted, and implemented from October 1946. This law clarified the principle of responsibility of the State to provide livelihood protection for those people who needed such protection.

(3) Enactment of the laws for disaster recovery and special city planning

In November 1946, the War Damage Recovery Board was established within the Cabinet Office, and in the same year, the Special City Planning Law, which was concerned with setting up land planning projects on land in cities damaged by the war, was enacted. Such war-damaged cities were in grave financial straits, and the question of how to find the funds required for recovery from war damage was a major issue. Among the measures devised were national treasury subsidies, special bond issues, and the creation of emergency special local allocation tax.

(4) Education reform and the creation of the 6 – 3 system

On the basis of establishing the same rights for men and women, GHQ put strong emphasis on the liberation of women and on the democratization and liberalization of education. In a cabinet resolution of December 1945, the government decided on a Complete Reform Outline of Girls’ Education, including opening up higher education institutions to girls, putting secondary education for girls on the same level as for boys, and implementing co-education in universities. GHQ instructed the Japanese government to examine the reform process of Japanese education and invited a mission from the U.S. to study the Japanese education system. The U.S. Education Mission to Japan arrived in the country in March 1946, and carried out an examination of the system in Western Japan as well as visiting educational institutions. The Mission submitted its report to SCAP on March 31. The Report recommended that the school system should be organized on the basis of a 6 – 3 – 3 – 3 system, and that the first 9 years of education should be compulsory, with no tuition fees being charged. In the area of higher education, the report stressed that it was not necessary for all higher education institutions to take the form of 4-year universities, and that access to higher education should be expanded and made more open. Regarding elementary and secondary school administration, the report recommended that the centralized system should be re-examined, and that a decentralized system should be established, with boards of education consisting of publicly elected education officials to be set up in prefectures and municipalities. The government produced draft laws covering the content stage by stage, and implemented these. In March 1947, at the same time as the Fundamental Law of

Education, which determined the basic principles of education, the government also implemented the School Education Law, introducing the 6 – 3 – 3 – 4 system. Opposition was expressed by the Ministry of Finance and the Ministry of the Interior on financial grounds, but the system was implemented from April of the following year.

Many school buildings were destroyed or damaged in bombing raids, and the personnel costs for teaching staff mounted. Everywhere one looked, municipalities were going bankrupt, and the number of municipal mayors and assembly members who resigned or sought to be relieved of their duties was very large.

(5) Dealing with the salaries of educational personnel

According to the Law concerning the National Treasury's Share of Compulsory Education Expenses enacted in 1940, half of the actual cost of the salaries of teachers in public (city, town and village) elementary schools was taken over by the national treasury, and half of the remaining salary costs was made the responsibility of prefectures. When attendance at lower secondary schools became compulsory, the same system was applied to them. Under the revision of the above-mentioned law enacted in 1947, at the same time as implementing a system of compulsory education in schools for the blind and schools for the handicapped, the system of a subsidy for the cost of the teaching personnel in such schools was also implemented in the same way as in mainstream schools. However, until 1949, the calculation of the amount of the national treasury subsidy was based on half the actual amount of salaries paid to teachers covered by the scheme, but from 1949 the method of calculation changed, and the amount of the subsidy was based on the formula of a set figure and a set amount. The formula referred to here came to represent an amount determined by government order in respect of the scope, the fixed number, and the amount of the salary of the educational personnel who were to be covered by the national treasury subsidy. Discrepancies arose between the figure resulting from the formula and the figure in reality. In particular, as a result of the reduction in the national subsidy in 1949, the gap between the amount of the subsidy and the actual figures widened still further, and the formula-based figure became a problem. In May 1950, accompanying the introduction of an equalization grant aimed at balancing local finances, the system of the National Treasury's Share of Compulsory Education Expenses was abolished, and incorporated into the local finance equalization grant system. On the other hand, the then Ministry of Education, with a view to being able to safeguard educational expenses, formulated a draft law which stipulated that the amount calculated as an educational subsidy and included in the local finance equalization grant had to be treated as specifically earmarked for educational purposes, and a cabinet resolution to this effect was passed. However, the government failed to obtain the approval of GHQ, and the draft was withdrawn. The movements within the Ministry of Education as described here are linked to the enactment in 1952 of the new Law concerning the National Treasury's Share of

Compulsory Education Expenses.

(6) Reform of the police system

In March 1946, 2 U.S. missions came to Japan, at MacArthur's invitation, to examine reform of the Japanese police system. Furthermore, by means of a Cabinet resolution of October 1946, a Police System Investigation Committee was set up within the Ministry of the Interior with the aim of examining reform proposals for the police system. In line with these moves, the same topic was taken up for examination in the Local Government System Research Council. In September 1947, at the conclusion of several debates, issued a memorandum entitled: "Matters concerning the attitudes of senior government officials accompanying the reorganization of the Japanese police". Specifically, the memo called for: the creation of 1) autonomous police forces in cities and urban areas with populations exceeding 5,000 persons, and 2) nationally directed local police in areas other than these.

On March 7, 1948, the Police Law was implemented, and 2 kinds of police forces were established, namely locally autonomous police forces and nationally directed, local police forces. The characteristics of the reforms were that the scope of the authority given to the police was lessened as a result of such measures as the decentralization of the fire services and sanitation services and in line with this trend, the decentralization of police service organization by region; the aim in creating the Public Safety Commission was to achieve democratic supervision of the management. Specifically, the municipalities which created autonomous police forces put their Public Safety Commission under the control of the mayor, who after receiving the consent of the local assembly, nominated as members of the Commission 3 persons who had no previous experience of serving as police service officers or as specialist public service officials. The costs of the autonomous police services were borne by municipalities. Furthermore, prefectural Public Safety Commissions were created with the task of administering the operations of the nationally directed prefectural police forces created in each prefecture. At national level, a National Public Safety Commission was created, composed of 5 persons under the jurisdiction of the Prime Minister. In terms of their various functions, the autonomous police did not come under the direction of the nationally directed police in any particular, and in addition, the nationally directed local police themselves were attached to the prefectural Public Safety Commissions, representing prefectural residents, in terms of the actual implementation of their police duties. In the country as a whole, 1,605 autonomous police services were initially formed, and out of these, 1,386 were the autonomous police forces of towns and villages. That municipalities had to bear the costs of such services in addition to the costs of the first 9 years of education, comprising compulsory education, was the reason why great pressure was placed on their finances.

(7) Reform of the fire service

In March 1948, the Fire Services Law was implemented, at the same time as the Police Law. Under this law, the fire services were separated from the police services, and a National Fire Services Agency was established under the auspices of the National Public Safety Commission. It was also stipulated that municipalities (cities, towns and villages) were under an obligation to establish a fire service, with the costs being charged to the municipality, and the management of the service was also the responsibility of each individual municipality. Furthermore, in the case of the special wards of metropolitan Tokyo, all the special wards combined had a joint responsibility to establish a fire service, to be managed by the governor of Tokyo prefecture. Moreover, with a view to fire prevention, the Fire Service Law was implemented in August 1948, with the aim of achieving thoroughgoing fire protection by means of regulations in the law concerning the construction of buildings and dealing with hazardous materials.

9.3 Preparation of Guidelines for the Reforms of the Local Tax and Finance System through the Local Finance Committee

The Local Finance Committee was established in 1948, and was charged with the duty of submitting to the Diet, by March 6 of the same year, a draft law concerned with reform of the local tax and financial system aimed at achieving a radical reconstruction of local finances and a strengthening of local autonomy. The local tax and financial system still retained the centralized characteristics of the old system. However, it had become a matter of urgent necessity to put firmly in place a tax and financial system which was sufficiently robust to satisfy the increasing need for funds that accompanied the ongoing inflation, and was at the same time an autonomous system that was appropriate to the structure of local autonomy.

In January, the Local Finance Committee set out the objectives of local financial system reform as follows. 1) to thoroughly strengthen the autonomous character of local finances; 2) to confirm a local tax and financial system that can respond immediately to the current financial situation. Regarding the direction that reform should take, the following 7 items were determined. 1) As far as possible, to close off the connection between the national tax and financial system and local tax and financial systems; 2) to completely exclude pressure on local finances resulting from delegated functions; 3) to consider the establishment of measures to prevent the impoverishment of local finances caused by fire damage; 4) to aim at autonomy of the local tax system and at the same time, to set at the minimum level the system for adjusting local finances; 5) to aim to expand the different kinds of taxation in order to produce an immediate increase in revenue to cope with ongoing inflation; 6) to help local finances to function smoothly; and 7) to reduce central government supervision of the local tax system. After an adjustment process, in which the Committee had to deal with opposing opinions of considerable strength as expressed by various ministries and agencies in relation to individual

problems, the Guidelines for the Reform of the Local Tax and Finance System were determined in March 1948.

9.4 Enactment of the Local Finance Law

From the time of its initiation, the Local Finance Committee aimed to confirm the principle of differentiating between national costs and local costs, and at the same time to clarify the basic direction of the operation of local finances. With these points in mind, the Committee felt that there was a need for a new Local Finance Law, and the draft of a law was submitted to the House of Representatives in June 1948.

The law was promulgated and implemented in July of the same year, together with the Local Distribution Tax Law..

9.5 Enactment of the Local Distribution Tax Law

In June 1948, with the aim of abolishing the local apportionment tax and introducing a local tax distribution system, a draft of the Local Distribution Tax Law was presented to the Diet. From the viewpoint of local autonomy, use of the term “apportionment” was felt to be unsuitable, so it was changed to “local distribution tax”. In addition to this, at the same time as making a rapid response to financial demands through various kinds of system reforms, the government aimed to deal an effective blow to local destitution, and with this in mind, the total amount was increased, and various minor amendments were made to distribution methods.

9.6 The Dodge Line

In February 1949, fiscal and financial advisor to SCAP and special minister plenipotentiary Joseph Dodge (a Detroit bank president) visited Japan. Within the context of an increasingly severe cold war, the U.S. government urgently wanted to put an end to inflation and bring about qualitative improvements in the Japanese economy. Specifically, with restraint of inflation as its first priority, the government set out to develop deflationary policies, carrying out a full-scale reduction of expenditures, and trying to reduce purchasing power through tax increases. In the national budget for fiscal 1949, the distribution ratio of local distribution tax was halved from 33.14% to 16.29%, and the total value of local bonds issued was cut by about one-third compared to the previous year. Furthermore, the cost of reconstructing school building facilities on the basis of implementation of the 6-3 school system was totally eliminated. This had a tremendous influence on municipal finances, and resignations or calls for the recall of municipal mayors followed one after the other.

It should also be noted that the attempts described here to plug the holes in local finances resulted in such consequences as raising of the tax rate, the imposition of super-tax, increases in local taxes such as legally determined independent taxes, and projects being cut off or deferred.

9.7 The Shoup Recommendations

(1) The Shoup Mission to Japan and its recommendations

In the context of the growing severity of the destitution of local finances in Japan, in May 1949, at the request of GHQ, a U.S. mission consisting of 7 specialists in taxation and tax law, and led by Dr Shoup from Columbia University, visited Japan.

The group made an investigation visit to Western Japan, and talked to officials in tax offices and prefectural and municipal offices as well as making efforts to hear the view of ordinary citizens. The recommendations resulting from their research were issued in August.

(2) Overview of the recommendations

The thinking underlying the recommendations can be gathered from the following extracts, which set out the basic direction of the report. It identifies a problem in Japan as being the feeling that domination by the state is still predominant, and there is a need to increase the independence of local bodies, further that the need to strengthen the development of local bodies is an issue for cities, towns and villages rather than for prefectures. It goes on to point out that without strengthening the financial capacity of local bodies and at the same time, further equalizing the imbalance between rich areas and poor areas, it is difficult to expect the completion of local autonomy. The following outline shows the general direction of the reforms: 1) carry out a redistribution of national and local duties; 2) make local revenue sources stronger and more fulfilling; 3) in order to strengthen the autonomy of the local tax system, make a tripartite structure in which national tax, prefectural tax and municipal tax are independent from each other, and unify the responsibility and authority vis-à-vis taxes; 4) in order to exclude national interference in local autonomy, abolish standard national treasury subsidies and continue the present system with the exception of disaster-related expenses funded by the national treasury; and 5) in order to thoroughly achieve balance between the financial situations of different areas, abolish the local distribution tax and create a local finance equalization grant system.

However, with regard to subsidies, many remained in place in such areas as livelihood protection, social welfare, sanitation and hygiene, labor, agriculture, and so on, because it was necessary to maintain or raise the level of administration over a significantly wide area. In addition, although 100% national subsidies were abolished, many subsidies for items delegated by central government remained in place. Also, national subsidies for compulsory education expenses were abolished, but were then restored, one after another, in 1953. With regard also to the local finance equalization grant, the total amount was not sufficient to meet local needs. And a final point is that the redistribution of administrative duties was almost ignored. It is therefore clear from this explanation that because of opposition from government ministries and agencies, implementation of the Shoup Recommendations was never completed.

9.8 Tax reform in the light of the Shoup Recommendations

Turning to the tax system reform proposals in the recommendations, many different opinions were expressed. Particular difficulties were encountered with regard to what were known as the 3 major new taxes, namely municipal tax, fixed property tax, and value added tax. There were disputes about tax items between prefectures and municipalities, and strong opposition from the worlds of finance and industry. In March 1950, GHQ expressed its strong opinion on the recommendations, which were incorporated almost in their entirety in a draft law submitted to the Diet. Even within the Diet, however, there were opposition movements, but when GHQ expressed strong objections to any amendments, the law was enacted in the House of Representatives, but was rejected in the House of Councillors, resulting in its being withdrawn at the debating stage. Subsequently, GHQ continued to make its strong opinions known, and in the next session of the Diet, the government submitted a draft, in which the implementation of value added tax was delayed and the rate of fixed property tax was lowered; with these amendments, the law was enacted in July 1950.

9.9 Creation of the financial equalization grant system

In the Shoup recommendations, 2 problem areas were raised with regard to the local distribution tax system. 1) With regard to the formula used for calculating the total amount, a fixed percentage of a special national tax was used as the total amount of the local tax distribution, and there was no guarantee that this would necessarily reach the amount needed as local tax revenue. Moreover, the distribution rate was set in fiscal 1949, and rendered the stability of local finances incomplete, because they fluctuated according to the national financial situation. Further, even given a fixed rate, because the personal income tax rate and corporate tax rate were very sensitive to fluctuations in the economic situation, it was impossible to avoid the possibility that large-scale changes would occur in local bodies other than in the money received by distribution. 2) With regard to the distribution formula, this took the form that half the amount distributed would be in inverse proportion to taxation capacity, while the other half would be in proportion to financial demand. To a certain extent, the financial advantage and financial situation of each local body was taken into consideration, but it was pointed out that the methods of carrying out such consideration were insufficient, and the actual financial capacity and financial needs of each local body were not necessarily reflected.

Furthermore, the Shoup recommendations recommended that the system of national treasury subsidies should be revised on a very large scale, and that they should be absorbed into a local finance equalization grant. A draft of the Local Finance Equalization Grant Law was presented to the Diet in April 1950, enacted, and implemented in May of the same year. Characteristics of the local finance equalization grant system were that there was no link with national taxation, and that the calculation was one of accumulating the financial deficit calculated for each local

body, also that the distribution formula used was one which compensated for what was termed the revenue shortfall that occurred when the financial demand or needs of each local public body exceeded the amount of financial revenue.

9.10 Issues related to the Local Finance Equalization Grant system

Looking at the operation of the local finance equalization grant system, one can say that it did not perform in line with its proclaimed ideals. In the first place, in the light of the government's ultra-austere financial situation, the standard costs needed by local public bodies were under extreme pressure. It was also the case that even if one talks about piling up or accumulating the revenue of each public body, it was impossible to forecast this many months in advance of the start of the next financial year. Furthermore, the government thought in theoretical terms, and ultimately made its calculations on the basis of the national financial situation. The result of all this was that petitions were made by local bodies to central government, and if we see the results of financial management in terms of the inadequacies of the local finance equalization grant, we can link this to the generation of an attitude of dependence on central government.

9.11 The Shoup recommendations and the actual state of local finances

The reforms of the local financial system carried out on the basis of the Shoup recommendations comprised major reforms such as expansion of local taxes, the creation of the equalization grant, and the rearrangement of national treasury subsidies. However, as a result of Japan's socio-economic conditions and the national financial situation, the reforms did not produce the results that were hoped for. At municipal level, autonomous revenue sources were increased, but there was almost no increase in prefectural revenue, and because the taxation system produced strong imbalances among prefectures, many prefectures faced financial difficulties. It also happened that 1950 was a year in which there many large typhoons, resulting in flood and storm damage, and this combined with a number of other factors, including reform of the salaries of local public officials, increased administrative costs as a result of laws and regulations, an increased burden due to an increase in public works projects, and a rise in living costs caused by inflation resulting from the influence of the Korean War, with the net result that local finances fell into very severe straits. The number of local bodies in the red in fiscal 1950 amounted to 4 prefectures and 352 municipalities. This was twice as many as in fiscal 1949, and the revenue shortfall increased by 5 times over the previous year. Adding on the costs of making delays in payments or carrying forward projects means that local bodies actually in the red were seen as reaching 3 times the above figures in terms of the number of bodies and the amount of the shortfall.

9.12 The Kambe recommendations and the re-adjustment of administrative duties

(1) Shoup recommendations concerning the allocation of duties

One major pillar of the Shoup recommendations was the priority given to municipalities, specifically the epoch-making proposal concerning the allocation of administrative duties, involving the large-scale transfer of duties to municipalities.

The Shoup recommendations took 3 points as their criteria for the allocation of administrative duties, namely: 1) a clear distinction of the duties to be carried out by the administrative organs at each of the three levels of the administration, i.e. national, prefectural and municipal, and allocation of duties to the appropriate level (the principle of clarification of administrative responsibility); 2) In order that duties could be accomplished efficiently, allocation of duties to the level of the administrative organ which is equipped with the capacity (scale, ability, revenue sources) to deal with them (the principle of efficiency); and 3) giving the top priority to municipalities (the principle of municipal precedence). What was looked for here was a 180° turn. The pattern of thinking that it exemplified was that tax should be taken from and used at a point as close as possible to people's daily lives, and that both duties and taxes should be handled at municipal level.

(2) The Kambe recommendations

In order to investigate and research how to give the Shoup recommendations specific and concrete form, the government established in December 1949 the "Local Administration Investigation Committee" (called the "Kambe Committee" after the name of the chairperson, Kambe Masao, former mayor of Kyoto City). In October 1950, the Committee issued "Recommendations concerning the National Treasury Subsidy System", in December, "Recommendations concerning the Re-allocation of Administrative Duties", and in September 1951, its "Second Recommendations concerning the Re-allocation of Administrative Duties". The recommendations took the 3 principles of the Shoup Recommendations as its general guidelines, and set out its thinking regarding the allocation of duties as follows. 1) Apart from those duties which because of their connection with the existence of the State are appropriately carried out by the State, duties that fall within the jurisdictional area of a local public body should as far as possible, be treated as the duties of that public body; and 2) The State should adopt the standpoint that it will carry out only those duties which a local public body cannot itself carry out effectively, and in particular, should designate the following as duties of the State: 1) duties that are directly necessary for the continuing existence of the State; 2) duties concerning plans that are to be implemented comprehensively at a policy level covering the whole country; 3) duties of a scale that exceeds the jurisdictional area of a prefecture and cannot be dealt with effectively at prefectural level as well as duties that have no relationship to the jurisdictional area of a local public body; 4) duties that must be dealt with in a unified manner

from a national standpoint regardless of the views of local public bodies; and 5) duties, in the case of which it is clearly inefficient and inappropriate for them to be carried out by a local body, in facilities which serve the general public without being accompanied by the exercise of authority. In addition, the following points are made concerning the “ideal pattern of intervention by the State”, specifically: 1) In the case of duties that are connected only to a local public body or to its residents, the State should in principle not intervene; and 2) In terms of methods of intervention, for example in asking for and receiving permission, authoritative supervision should be forbidden. Turning to the “allocation of duties among prefectures and municipalities”, municipalities are the basic public bodies that have a direct relationship with residents, and on this basis, the direction adopted in the recommendations is that the duties stipulated as being those of local public bodies should in principle be allocated to municipalities. Prefectures, on the other hand, have an inclusive character which includes municipalities, and it is appropriate for them to handle the following kinds of duties. i) duties that have to be dealt with on a scale that exceeds the geographical jurisdiction of a municipality; and ii) duties in the case of which it is clearly inefficient and inappropriate for them to be handled by a municipality. With regard to the allocation of individual duties, sufficient consideration must be taken of the discrepancies in actual ability between municipalities, in particular between large cities on the one hand and ordinary cities, towns and villages on the other.

(3) Responses to the Kambe recommendations

With the growing severity of the Cold War, opinions within GHQ too were hardening in favor of centralization rather than decentralization, so that GHQ did not become a driving force pushing the Kambe recommendations forward. They were totally ignored by central government ministries and agencies, and even within public local bodies, because there were no suitable structures in which to accommodate them, they were not highly evaluated.

9.13 Movements within the local tax system

In order to respond to such factors as ongoing inflation, recovery from war damage, the introduction of the 6,3 compulsory education system and community policing, and at the same time to take forward local autonomy in the area of the tax system, a reform of the tax system was implemented. In 1946, the tax rate rose in respect of every taxable item in the local tax system, a prefectural inhabitant tax was created as a prefectural, extra-legal, independent tax, and it was stipulated that prefectures too were able to levy such extra-legal, independent taxes. In 1948, independent taxes created within prefectures comprised land tax and house tax as well as business tax and eating and drinking tax, while at municipal level, it became possible to levy added value tax. Independent legal taxes also expanded, and the rate of residents' tax increased. In July 1948, the Local Tax Law was promulgated. Its main content aimed to assert more

thoroughly the independence of the separate, independent character of the local tax system as compared to the national tax system, and with this aim in mind, efforts were made to transfer taxable items from national tax to local tax and to create new taxes or raise the rates of existing taxes. At the same time, the process of having to seek permission from central government or from prefectural governors in such cases as the levying of tax in excess of the standard rate or extra-legal independent taxes, or for the adoption of external criteria in business tax, was totally abolished.

10 Confirmation of the system of local public officials

10.1 Enactment of the Local Autonomy Law

After World War II, public officials (civil servants) received the same treatment as general workers, and were protected in the same way as general workers. In 1945, the Trade Union Law, and in 1945, the Labor Relations Adjustment Law were enacted. Under these laws, public officers were given the right to form associations and to conduct negotiations, and outdoor (field) workers were given the right to engage in disputes. In 1947, the Labor Standards Law was enacted.

In October 1946, the First Local System Reform was carried out, under which prefectural governors were publicly elected, but prefectural executive staff below governors continued to be treated as national public servants in the same way as in the past.

In November 1946, the United States Personnel Advisory Mission to Japan, known as the Hoover Mission after its leader, Blaine Hoover, came to Japan, and researched and examined the system of public service personnel in Japan with a view to reforms. Because it was thought inappropriate for a new law to be implemented before the content of the public service system in Japan was fully understood, only the minimum necessary provisional devices were determined at the time when the draft of the Local Autonomy Law was submitted to the Diet in March 1947.

10.2 An oversight of the public service system at the time of implementation of the Local Autonomy Law

(1) In terms of personnel organs, structures were established at two levels, that of prefectures and that of municipalities. Established at prefectural level were ordinary examination committee members, an ordinary disciplinary committee, and an ordinary status committee, and at municipal level, a municipal disciplinary investigation committee. (2) In the area of appointments, the order governing the appointment of government officers was applied, but at municipal level, there was no special legally enforceable determination, and appointments were left to the discretion of the municipality. (3) In terms of salary, prefectural officers were paid according to the precedents set by government officers, while the salaries of officers at municipal level were determined by bylaw in accordance with the precedents set by government

officers. (4) With regard to status and discipline, at prefectural level, the Government Officers Status Order and the Government Officers Discipline Order were applied, while at municipal level, there was no legal order regarding status, and in the case of discipline, approved penalties comprised dismissal from office, a fine not exceeding 500 yen, and a reprimand. It should also be noted that in the case of municipalities, a mandatory retirement age system was introduced. (5) With regard to service conditions, it was stipulated that attention should be paid to the precedents set by the Tokyo Metropolitan Service Regulations, to Prefectural Service Regulations, and to Municipal Service Regulations. In the case of police officers, fire service officers, and educational personnel in public-sector schools, their status remained that of national government officials.

10.3 Cancellation of the February 1 general strike

In addition to demands to raise wage levels and cancel workers' income tax, thereby providing relief for the living conditions of workers, political demands to overthrow the Yoshida Cabinet constituted an additional factor. It is also noteworthy that as a reflection of the rise in workers' movements, centered on workers in government offices all over the country, a national general workers' strike was planned for February 1, 1947, but was cancelled on the previous day by means of an order from GHQ.

10.4 Enactment of the National Public Service Law and correspondence with MacArthur

In August 1947, a draft of the National Public Service Law was submitted to the Diet, and the law was enacted in October. In the following year, 1948, discussions began with GHQ about the draft of a Local Public Service Law. In postwar Japan, labor movements among workers in government offices gained in strength, but in July 1948, collective bargaining between the government and the Government Workers' Trade Union ended without reaching a conclusion. The trade union side appealed to the Central Workers' Committee, and threatened a general strike from August onwards. In the background to this development was the fact that in July, MacArthur had sent a letter saying that a strike was already forbidden, and that collective bargaining and collective action by public officials were things that needed to be regulated. It was in this situation that the government, on the basis of the directive from GHQ, issued Government Order 201 on July 31, making it effective immediately.

10.5 Government Order 201 and revision of the National Public Service Law

Government Order 201 specified the following: 1) The position of public servants vis-à-vis national government and local public bodies was that they did not have a coercive quality backed by the threat of strike action or go-slow action, in short, they did not have collective

bargaining rights. 2) All kinds of currently ongoing mediation or arbitration procedures which had the State or local public bodies as their counterpart were cancelled. 3) Every public servant was prohibited from taking part in strike or go-slow action, and from engaging in any kind of disputes procedure which constituted a hindrance to the operational efficiency of the State or of a local public body. This Order was stipulated as being effective until such time as legislative measures taking such forms as a revision of the National Public Service Law were implemented by the Diet. On the basis of the said Order, the Law revising the Public Service Law was enacted in November 1948 and implemented from December.

10.6 Enactment of the Local Public Service Law

In December 1950, the Local Public Service Law was enacted. The situation at this time was that the Labour Standards Law was applied to local public officials, and employees of publicly managed enterprises or industries vital to the country's economy were treated differently from general local public officials. Leaving that aside, from the point of view of local autonomy, the conditions of service and appointment of such officials are one of its central pillars, and it is in this context that a mechanism took shape aimed at setting out the pattern of intervention by the government down to the last detail took shape.

11 A U-turn in occupation policies and the creation of a police reserve

Within the context of increasing severity in the Cold War, America came to think that it should make the Japanese economy independent, and that Japan must stand as a bulwark against the threat of Communism in Asia. It was with this situation in mind that it became necessary to think about such matters as the transfer of administrative responsibility to the Japanese government, cancellation of the purge of public officials, suspension of postwar reforms, and strengthening of the power of the police so as safeguard public order. In Okinawa, a budget for the establishment of bases was drawn up, and the construction of military bases moved ahead with full steam. In a further development in June 1950, North Korean forces crossed the 38th parallel and started to attack South Korea. MacArthur was appointed Supreme Commander of the U.N. Forces, and the American troops in Japan were dispatched to the Korean Peninsula. With the Korean War as a trigger, the recovery of the Japanese economy advanced. Furthermore, in order to plug the hole caused by the challenge of the call to arms, MacArthur sent a letter in July 1950 to Prime Minister Yoshida Shigeru, directing him to establish a Police Reserve Force of 75,000 persons. Training of the force would be carried out by the U.S. Army, and in order to guarantee top-class quality among recruits, the purge of public officials who formerly served in the Japanese army would be stopped.

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[Attachment]

Table 1 Population, National Income, Central Government Expenditure, Local Expenditure, Local Tax Revenue, Consumer Price Index, Price of Rice 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 year 1960), %(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
1946	75,800	-	360.9	-	115,207	-	278	-	3,726	-	14	-
1947	78,101	3.0	968.0	168.2	205,841	78.7	935	236.3	20,198	442.1	30.1	115.0
1948	80,010	2.4	1,961.1	102.6	461,974	124.4	2,591	177.1	77,709	284.7	55	82.7
1949	81,780	2.2	2,737.3	39.6	699,448	51.4	3,915	51.1	142,441	83.3	72.6	32.0
1950	83,200	1.7	3,381.5	23.5	633,295	△ 9.5	5,226	33.5	188,281	32.2	67.6	△ 6.9
1951	84,500	1.6	4,525.2	33.8	749,838	18.4	6,687	28.0	272,264	44.6	78.7	16.4
Average rate of increase		2.2	-	65.8	-	45.4	-	88.9	-	135.9	-	41.2

[Sources] 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 was taken from "The White Paper on National Income (FY1963 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 income 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 5 (1946-1951): The Creation 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)	
1946 (Jan.)	The Emperor's disavowal of his divinity (current)	1946 (Sep.)	Public election of prefectural governors (Tokyo, Fukuoka), revision of city system, town and village system (admin)
1946 (Apr.)	First postwar general election (policy)	1946 (Sep.)	Establishment of the Local Government System Research Council (admin)
1946 (Feb.)	First Agricultural Reform (policy)		
1946 (Jan.)	Directive for the purge of public officials (current)		
1946 (July)	Implementation of the Special City Planning Act (policy)		
1946 (Mar.)	Cabinet resolution on revision of the Constitution (policy)		
1946 (Nov.)	22nd election of the House of Representatives (policy)		
1946 (Nov.)	Establishment of the War Damage Recovery Board (policy)		
1946 (Oct.)	Former Livelihood Protection Law (policy)		
1947 (Apr.)	Abolition of neighborhood family groupings, neighborhood associations, and peasant hamlets (policy)	1947	Abolition of the tax rebate system and transfer of national taxes (land tax, house tax, business tax) to local taxes (finance)
1947 (Apr.)	Implementation of the 6.3 system in school education (policy)	1947 (Apr.)	First public election of prefectural governors and city, town and village mayors (admin)
1947 (Dec.)	Dissolution of the Ministry of the Interior (policy)	1947 (May)	Implementation of the Local Autonomy Law, and (Dec. 1947 and Jul. 1948) of 2 revisions of the law (admin)
1947 (Feb.)	Cancellation of the February 1 general strike (current)		
1947 (May)	Implementation of the Constitution of Japan (policy)		
1947	The National Public Service Law (revised in Dec., 1948) (policy)		
1948 (Dec.)	Second Agricultural Land Reform (policy)	1948 (July)	Implementation of the Local Finance Law, the Local Distribution Tax Law, and the Local Tax Law (finance)
1948 (Feb.)	Establishment of the Provisional Commission for the Reform of Administrative Structures (policy)	1948 (Mar.)	Establishment of autonomous police services and autonomous fire services (admin)
1948 (Jan.)	Cabinet resolution concerning administrative adjustments (policy)		
1949 (Feb.)	Visit of Joseph Dodge to Japan (policy)	1949 (Aug.)	The Shoup recommendations (admin)
1949 (June)	Establishment of the Local Affairs Agency (policy)		
1949 (June)	Implementation of the Law concerning the Stipulated Number of Officials in Administrative Organs (policy)		
1950 (Aug.)	Establishment of the Police Reserve (policy)	1950 (May)	Creation of the local finance equalization grant system (finance)
1950 (June)	Implementation of the National Land Comprehensive Development Law (policy)	1950 (May)	Implementation of the Law concerning the Election of Public Officials (admin)

1950 (June)	Implementation of the Hokkaido Development Law (policy)	1950 (Oct., Dec.)	The Kambe Recommendations (admin)
1950 (June)	Enactment of the National Capital Region Construction Law (policy)		
1950 (June)	Outbreak of the Korean War (current)		
		1951 (Feb.)	Implementation of the Local Public Service Law (admin)
		1951 (Sep.)	The Second Kambe Recommendations (admin)

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