

# VIII. LOCAL GOVERNMENT INNOVATIONS IN JAPAN

## A. LOCAL GOVERNMENT IN JAPAN

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I will speak about the features of the Japanese system of local government and its current issues. I will focus particularly on the recent central issue in Japanese local government called 'local decentralization promotion reform.'

Japanese local government has a long history, more than 100 years. Before the end of the Second World War, our local government system was similar to the local government systems developed by France and Germany. After the war, we introduced some elements of the American local government system. Our present system is a unique combination of European and American.

These features characterize the mixture and unique nature of local government in our country.

- First, Japanese local government has a two-tier system: one tier is concerned with the regional government, the other with municipalities. There are 47 regional governments and more than 3,000 municipality governments.
  - Second, the Japanese local governments enjoy constitutional recognition. The Japanese
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*Local government in Japan cannot be abolished without an amendment to the Constitution, and the Constitution has never been amended.*

Constitution guarantees local autonomy with election of governors and mayors and assemblymen/women. It also provides other principles of local government. This is very important because before the war the Japanese constitution did not guarantee the status of local government. After the reform of the Japanese Constitution, the status of the local government was guaranteed. This means that the National Parliament cannot abolish local government without an amendment to the Constitution. The Constitution is very hard to amend. The Japanese Constitution has not been amended since it was declared.

- Third, in Japan, local governments have 'general competence' powers. These general competence powers are provided in the Japanese Local Government Act. This type of act originally derived from the style of continental European local government systems. In local governments developed in the British colonial countries, the powers and functions of governments were determined by specific laws; for example, environment and urban development. However, in Japan, through the Local Government Act, local government can do anything as long as it benefits the local residents. In terms of the legal system, Japanese local governments enjoy a wide range of capabilities. However, in reality they are also obliged to carry out a wide range of functions delegated by the national government. While Japanese local government has a wide range of ability or powers, in reality these powers are controlled by the National Government through other acts of parliament.
- Fourth, the governors and mayors of the local

assembly are elected by residential votes. This system is called a presidential system. In terms of the structure of local government, some countries have more flexible arrangements. For example, in countries with the British system, the members of councils usually elect the mayor from amongst themselves. In Japan, the direct election of governors and municipal mayors is provided by the Constitution. There is no other way. This lack of flexibility is also a feature of our local government system. It is remarkable that this rigid system has continued for more than 50 years without any parliamentary amendment.

- Fifth, most local government employees are on lifetime employment. That usually means the local government authority, the governors or mayors, employ the local government employees immediately after they graduate from university. Employees then have to work in the same organization until they reach retirement age. This system is called the career system and is very common in the military or diplomatic services of other countries. Local government officials are in a career system. They are provided with ample opportunities for training and development. They change positions within the same local government and are not assigned to any special job description. The selection of local government employees is based on the results of examinations. This is very different from local government employment systems based on contracts. In Japan we do not have contract employment. All Japanese local government employees are appointed.

One of the features of the Japanese local government system is the exchange of personnel between the national and local

governments. National government officials have worked in local government, and local government officials often have the chance to work in the national ministries and agencies, particularly when they are young. This is considered a part of professional career training.

- Sixth, local governments depend on the national government for their fiscal resources. Typically, the proportion of resources raised locally is 30-40 percent. Local government expenditure in Japan comprises 14 percent of gross domestic product. This means local government expenditure in Japan, the businesses and activities of local government, is very large. It is the very reason why local governments must finance works and services from their own fiscal resources. One of the main features of local government in Japan is its fiscal dependence on national government. This is partly due to the allocation of duties and functions to local government in our country.

Local government in Japan has had several major policy issues to address since the 1980s. The first one is to prepare for the elderly, particularly in the local and rural areas. Local governments have many programs for the aged. At the same time, local governments in Japan are responsible for developing regional and local economy. This is comparable to the function of Australian local governments, which often attribute their functions to the three Rs — ‘roads, rates, and rubbish.’ Their functions are limited. Japanese local government, on the other hand, provides a wide range of services. Residents expect local government to promote big issues such as protecting environment and promoting

internationalization. However, the most important policy issue is local decentralization reform.

Since 1995 Japan has been restructuring the whole local government system. The key force to local government reform is probably the fatigue or deterioration of the highly centralized local government system in the postwar period. Most Japanese people now realize that decentralization and structural reform of the national and local governments are two of the most important and urgent political issues to address if Japan is to survive in the next century. So in 1995, the National Government established the Local Decentralization Promotion Committee as the single advisory commission to the Prime Minister.

*Since 1995 Japan has been restructuring the whole local government system.*

The objectives of this reform are to:

- demarcate the powers and responsibilities of local governments,
- promote the transfer of power and responsibilities from National Government to local government,
- abolish agency-delegated functions and establishing the new relationship between national and local government,
- strengthen and secure the fiscal resources of local governments,
- reform the structure of the local government, and
- improve the accountability of public participation.

It is very hard to realize all these objectives because such reforms face very strong resistance from bureaucrats holding central power. After negotiations and concessions, the major points of these recommendations can be achieved as compromises between ministries.

So far, the committee has submitted four recommendations to the Prime Minister.

Recommendations include the abolition of agency-delegated functions. Such functions will be redefined in local autonomy functions for which local government is fully responsible. The remaining tasks are functions that will be delegated by laws. After the reform, based on the recommendations, around 60 percent of agency-delegated functions are expected to be redefined as local autonomy functions. The relationship between the two spheres of government should be based on law, reflecting equal partnership.

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As for the financial system, specific subsidies from the national government to the local government will be reduced. At the same time, the general subsidies, now called the local allocation tax grant, will also be abolished. In the future, local government will no longer need to seek approval from the national government to issue loans. Some flexibility in creating new local taxes will exist. Through these measures, it is expected that local government will be strengthened in terms of fiscal resources.

### **B. INNOVATIONS IN MUNICIPAL MANAGEMENT**

The Tokyo-Yokohama area, with over 25 million people, provides an excellent opportunity to investigate innovations in municipal management. With the support of CityNet, the Forum participants were able to visit three innovative projects:

- the land readjustment for areas with densely clustered wooden houses in Ikebukuro, Tokyo;
- the New Waterfront City, Rainbow Town, Tokyo; and
- the Minato-Mirai 21 Urban Development Project, Yokohama.

#### **1. Land Readjustment, Ikebukuro, Tokyo**

### **(Group A)**

Many land readjustment projects have been implemented in Tokyo to upgrade public facilities such as roads and parks, to utilize lands efficiently, or to prevent disasters. The Ikebukuro-Ideta area used to be a fire hazard because it suffered from a lack of parks, roads, greenery, and open public spaces. Many old wooden houses, built during the postwar period when the population grew rapidly, were densely packed together. Through this joint project between citizens of Tokyo and the local government, a step-by-step land readjustment process was implemented. It has taken over 20 years to develop. The tour looked at land adjustment mechanics utilized in implementing the project such as replotting, land reduction, and settlements. Visits to the area where readjustment has not yet been implemented were made for comparison.

### **Discussion**

*Mr. Stubbs:* It was clear from this tour that the process of urban redevelopment is a complex one, and difficult to follow over an extended period. In working in megacities around the region we at the ADB find that one of the very significant challenges is how to improve and make more efficient and more equitable land use in the center of the city. How do you provide housing, jobs, and services in the central areas of the city, which are growing spontaneously, and need to be improved? What is the mechanism for doing this? The Ikebukuro Land Readjustment Project provides insight into one approach.

*Mr. von Einsiedel:* I agree that it is a difficult process. However, what we saw at the Ikebukuro land readjustment project was amazing. If land can

*The Ikebukuro Land Readjustment Project provides one answer to the question of how you provide housing, jobs, and services in the central areas of a city.*

be exchanged for cash, and for relocation, it is something that you dream of. But it is not, in principle, that much different from the guided land development of Indonesia, or the land-sharing program of Thailand, in the sense that you have a number of landowners and you replot the boundaries and come up with the more efficient use of the land. In cities where a lot of land is available that could be developed for urban uses, this is probably an expensive approach. However, when you consider the expense of extending your utility lines to the suburban areas, extending your transport systems, water supply, and all the services that the municipality provides, it may not be that expensive after all. I think this is an approach that should be considered in situations where land becomes very expensive and suburban use of the land is no longer valid.

There are also social problems associated with any redevelopment work where people are to be relocated and resettled. As land values go up, new development becomes more expensive for the original residents. This, I think, is the most difficult part of implementing that process.

One interesting factor is that this project started in 1965, and it took 11 years just to arrive at an in-principle agreement. How many city governments can sustain that kind of project management? In many situations, for example, when a new mayor or a new governor comes into power, old plans are dissolved. What may have worked under the previous administration is stopped and another new project commences. So there are constant changes. Here we find that after 30 years, and in spite of changes in political leaders and administrators, the process is still in place. I think that the lessons from the Ikebukuro land readjustment project are how to sustain the continuity of the planning process over time.

*Mr. Shah:* I also think we have to consider land readjustment and guided land development in the context of housing for low-income groups. One of the problems is the mismatch between supply and demand. This is also related to the current crisis being faced, for example, in Indonesia, where the formal real estate sector takes over. Where there is very large development, construction of high rise buildings, land prices become astronomically high. Unfortunately this guided land redevelopment has not taken hold in Indonesia. It is related to general reform of land administration. It requires an attitudinal change toward the empowerment of the community.

Land readjustment projects require a balance between individual and community expectations. It is a development process in which everybody gets something. Consensus building is not easy. Under the old bureaucratic approach, administrators were not very interested in this kind of an approach. It is a staged process. Guided land development takes up to 15 years before the first signs are evident. So I think we are talking about a type of community participation and attitude change which determines how far we want to go in providing land to the urban poor, especially as the number is increasing. Under the present crisis situation, I think these choices become more relevant.

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## **2. New Waterfront City, Rainbow Town, Tokyo (Group B)**

The New Waterfront City was originally established in 1955 based on the Tokyo Bay land reclamation project. The project's present aim is to create a new 'Silicon City' for the 21st century that strikes a balance between residential and business functions. By 2020, Rainbow Town will be an ideal new city in a vibrant Tokyo, providing jobs for

70,000 and homes for 42,000. Three goals for the creation of the rainbow town are:

- enhancing the quality of life in harmony with nature,
- fostering international exchange and a better future, and
- contributing to the urban development of Tokyo.

The project is a partnership between the government and the people. The Rainbow Town proposal was adopted to enlist the participation of Tokyo residents in shaping the community. The project demonstrated that the government and people can work together to create a comfortable and enjoyable place to live. It was also created to strike a balance between commercial, business, residential, and recreation areas.

### Discussion

*Mr. Suwarnarat:* Everything was very clean, quiet, and efficient. I didn't see many people. I considered my own paradigm of the so-called ecosystem, which from my point of view is that there must be people, there must be animals, and there must be gardens.

I understand that at the beginning of the project, there was no stakeholder analysis, there was little community involvement. They did not go and ask people what they expected in Rainbow City.

When we look at the population served by the Rainbow City development, it was mentioned that there would be 42,000 residents, and that the land investment was something like \$45 billion. So the per capita investment is approximately \$1 million per person. Can the average Japanese citizen afford to live there? The answer is that the land

and buildings would not be sold. They will only be rented. So how could it be a home? If I am going to invest in a home for my children, for my family, I've got to own it. I would not commit myself to a contract and leave my children in debt. How could I know whether my children would be able to pay or not?

We then went to the incinerator. Again, it was a gigantic piece of construction. I could not smell anything. I could not hear any noise from the incinerator. And when I looked at the price to dispose of the garbage it was something like \$50/ton. So you have to pay \$0.05 to dispose of a kilogram of garbage. This is about 10 times as much as my city could collect from my people. This kind of garbage disposal is not suitable for our situation.

I think this modern type of development, and the type of living that goes with it, probably has to happen. However, when we compare the lifestyle that goes with it, I think something is missing. There is a shortage of color, of complexity, of life.

*Mr. Zaidi:* With deference to our spokesperson, one may not entirely agree with his views. I think that the quietness that he felt is one major point that should characterize modern city planning. This quietness is a reflection of modern technology. It is one of the subcenters of one of the minicities that the Tokyo Metropolitan Authority has developed in collaboration with the private sector. At the heart of this planning lies the extreme scarcity of land that has necessitated this type of development. I was quite impressed by the technology used at the incinerator, especially the utility ducts. Most prominent was the technology being used to dispose of garbage. Instead of collection by trucks, they have outlets installed at the residences and garbage is sucked through vacuum pipes and goes straight to the incinerator. I think it was quite an impressive facility.

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### **3. *Minato-Mirai 21 Urban Development Project, Yokohama (Group C)***

The Minato Mirai 21 (MM21) Project (1983-2000), with total budget of two trillion yen, is one of Japan's leading urban development projects based on public-private partnership. A joint venture company, the MM21 Corporation coordinates and promotes community development. A basic agreement on town development under MM21 was reached with all the landowners in the jurisdiction that defined the role of such fundamental elements as urban community development. It also established standards for the scale of construction, land usage, building heights, the layout of pedestrian networks, and so on. The project has three primary objectives.

- Promote Yokohama's autonomy. MM21 consolidated and integrated the two areas into which Yokohama's city center has long been divided. The concentration here of business accommodation, shopping centers, and cultural facilities will create jobs and bustling recreation areas for citizens, stimulate the local economy, and consolidate the city's economic foundations.
- Improve port functions and amenities for citizens with parks and greenery in the heart of the city.
- Decentralize the metropolis. MM21 aims to facilitate decentralization of the official, commercial, and international conference functions formally concentrated in Tokyo and to promote more balanced metropolitan development.

MM21 was conceived as far back as 1963.

The city will be completed in 2000. It is built on 186 hectares, part of which is reclaimed from the sea and part on a reclaimed shipyard. When it is completed it will cater to 10,000 residents and 190,000 people working in the area.

### Discussion

*Mr. Khuntia:* What is striking about MM21 is that it is being planned as a modern city through joint venture. The Minato-Mirai Corporation is spearheading the development. A basic agreement on urban community development as to how the city will be developed was reached and the land use planning has been very carefully organized.

The city has a lot of greenery. It is also an international and cultural city. It will be environmentally friendly. There is a huge convention house that can hold up to 5,000 people, modern shopping centers, exhibition halls, hotels, and the like. Then there are underground tunnels that carry the water pipes, the heating and cooling system, telephone cables, and sewage ducts so that the roads will not have to be dug up for repairs. Solid waste from the various buildings is fed into a vacuum duct. The total length of such ducts is over 13 km. The city is being developed so that it will join two parts of old Yokohama City. It will be a recreational center with all kinds of amenities. The city will decentralize Tokyo, which is quite near, and as many as 130 international companies have their headquarters in Yokohama.

About 50 percent of the work has been completed. We asked whether they have been able to get adequate returns from their investment in the development. It appears that right now there is a slump in the real estate market and there are still some areas to be sold.

One important lesson from the development of MM21 is that for a city in a developing country

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there is a need for such development. However, it has to be done in phases and the risk has to be distributed with joint venture partners. It would not be possible for a city corporation to invest so much money, because the returns are not very certain and may take too long to materialize.

Secondly, it is not just the Minato-Mirai Corporation doing all the work. The Corporation is in charge of the basic urban planning through the agreement on urban planning development. There are about 15 different companies in the private sector engaged in particular activities. For example, one company looks after the convention center, another looks after a hotel or a hospital. Risk is thus distributed among various companies and stakeholders.

Another interesting feature of this development is that the Japanese Government has been very supportive throughout. The Government's financial and moral support this has made this project possible. While it cannot be directly replicated in developing countries there are certain lessons to learn from MM21.

*Mr. Khan:* I think that what we should be emphasizing is to learn from the positive lessons we have seen with the development of this area. So in continuation of my friend's comments, I would like to say that conventional approaches to resolve problems of urbanization is usually at the level of government. The lessons that we have learned are that the people of Yokohama City were migrating to Tokyo. What we have to do in our cities is to control urbanization through land development and agriculture reforms, job opportunities, and housing availability.

A salient lesson is that by controlling urbanization in the place where the people intend to migrate one helps resolve problems at the point

*By controlling urbanization in the place where the people intend to migrate one helps resolve problems at the point of origin.*

## Local Government Innovations in Japan

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of origin, in this case Tokyo. And another very brief point is that in the developing world, we have to use cost-effective and appropriate technologies to resolve problems with respect to economy and cost.