



Municipal Consolidation Policy Today and Issues for the Future

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Overview

1. Progress of the "Great Heisei Consolidation"

Following on from the "Great Meiji Consolidation" of the 1880s-1890s, and the "Great Showa Consolidation" of the 1950s-1960s, Japan is currently in the midst of a "Great Heisei Consolidation" of cities, towns and villages. The Fundamental Principles of Administrative Reform published in 2000 sets a target of consolidating the 3,200 cities, towns and villages in Japan to 1,000. Since the

beginning of the year, mergers have led to the creation of Nishi-Tokyo City, Itako City and Saitama City, among other cities.¹

At a prefectural level, the work of designating areas to receive "intensive merger support" is in progress, and, as of October 25, 19 prefectures, 28 areas and 127 cities, towns and villages have been designated. Meanwhile, study groups, etc. have begun considering possible mergers throughout Japan, and around half of all cities, towns and villages in Japan are, in some form or other, considering mergers.

In the Kansai region, the Iga area of Mie Prefecture, three towns including Azuchi Town in Shiga Prefecture, and Hikami area in Hyogo Prefecture have been designated for "intensive merger support", and in addition to practical consideration, the various localities have started work on mergers and regional administration.

2. Features of the of the "Great Heisei Consolidation"

Factors behind the drive for consolidation include the expansion of the sphere of life of individual residents, a diversification and geographical expansion of the administrative issues facing each locality, and the general trend of devolution, but one of the main motives for mergers is as a radical reform to resolve the crisis facing local public finance systems, especially the local allocation tax system.

¹[added for non-Japanese readers] The suffixes *-shi*, *-cho*, *-machi*, *-son*, *-mura* and *-gun* are names of Japanese municipal administrative units: *-shi* = "city", *-cho* or *-machi* = "town", *-son* or *-mura* = "village", and *-gun* = "county".

The most important issues for future merger promotion policy include, on the assumption that consolidation is voluntary, the provision of adequate fiscal support, the extended employment of municipal councilors after the merger, the relaxation of conditions on promotion to "city" or "government ordinance-designated city" , and the enhancement of systems to reflect the will of local residents. The Special Case Merger Law, which offers fiscal merits to cities, towns and villages participating in a merger, remains in effect until March 31, 2005.

As a rule, this law gives priority to the consolidation of smaller local government bodies. In view of the likely abolition of local allocation tax, many smaller cities, towns and villages in sparsely populated areas are considering mergers.

3. An On-the-Spot View of the "Great Heisei Consolidation"

The future of local public finance and devolution policy is excessively uncertain (the direction of local administrative and public finance reform is uncertain), and, at a local level, national and prefectural policy is being followed without any clear notion of objectives or procedures (the traditional "follow-my-leader" approach to reform).

It is doubtful whether reforms encouraged by generous fiscal support measures can truly bring about efficient and effective local government. Moreover, with increasing political indecision at a local level, the reforms are making slow progress.

4. Issues Facing the "Great Heisei Consolidation"

At a local level the key issues relating to the consideration of mergers are as follows:

- More extensive discussion at the administrative level, more detailed explanation of the issues to and closer communication with local residents, and the creation of regional plans suited to local conditions are required.
- If mergers are to be used as an opportunity to promote the creation of cities that will enhance "regional power ", consideration must be given to improving regional management.

At the national government policy level, the main issues are as follows:

- A greater breadth of choice of administrative organization formats is required, in preparation for the expiry of the Special Case Merger Law.
- As a basic step towards this goal, a serious start should be made on reviewing the prefectural system.
- It is also important that inefficiency should be corrected not only among smaller local government bodies, but also among larger local government bodies and local government bodies in major cities.