

COSLOG Up-to-date Documents on Local Autonomy in Japan No.1

The Development of Municipal Mergers in Japan

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PREFACE

Recently in Japan, a number of large-scale municipal mergers have been carried out. In this paper, I would like, in relation to these mergers, to analyze and comment on their background, purposes, methods, results and issues yet to be resolved.

The first chapter describes the variations that have occurred in the number of municipalities (cities, towns, villages), and explains how the number of municipalities has declined since the Meiji era, largely as the result of three great consolidations, including the most recent one.

The second chapter describes the history of municipal mergers in Japan, focusing on the previous two great consolidations (the Great Meiji Consolidation and the Great Showa Consolidation).

The third chapter describes the background and purposes of the most recent consolidations (the Great Heisei Consolidation).

The fourth chapter describes the methods of this Great Consolidation.

The fifth chapter describes the processes and results of this Great Consolidation.

And finally, the sixth chapter sets out the impact and issues still to be resolved after this Great Consolidation.

1 The Variation in the Number of Municipalities in Japan

Japan has adopted a two-tiered local administration system consisting of prefectures and municipalities.

As wide-area local entities, prefectures are responsible for many matters of broad public interest, including the establishment and management of senior high schools, upgrading of industrial infrastructure, and the implementation of job training and police affairs. On the other hand, municipalities as basic local entities deal with basic concerns more closely related to the daily life of their residents, such as the registration of present and permanent addresses, the operation of elementary and junior high schools, social welfare for infant children and senior citizens, city planning, the operation of waterworks and sewer systems, the collection and disposal of garbage and fire prevention.

The variation in the number of municipalities is shown in Table 1. The number has decreased

sharply from 71,314 in 1888 to about one-fortieth, 1,821, in 2006 (however, the number of prefectures has remained the same, 47, since 1888).

The cause of this enormous decrease in the number of municipalities can be found in municipal mergers; in particular, the three Great Consolidations have had a big effect in terms of reducing numbers. The first of these was the Great Meiji Consolidation 1888-1889, when the number of municipalities was reduced from 71,314 to about one-fifth, 15,859. Then from 1953 to 1961 the Great Showa Consolidation took place, resulting in a decrease in the number of municipalities from 9,868 to about one-third, 3,472. Finally, the Great Heisei Consolidation has been in effect from 1999 to 2006, and has resulted in the decline of the numbers of municipalities from 3,229 to half, 1,821.

If we look more closely at these results with the aim of separating the treatment of cities from that of towns and villages, the following facts become clear: in the Great Meiji Consolidation, the combined number of towns and villages decreased from 71,314 to 15,820, but 39 new cities were created; in the Great Showa Consolidation, the number of villages was reduced from 7,616 to 981, and the number of towns changed from 1,966 to 1,935, showing only a very small reduction while at the same time the number of cities increased from 286 to about double, 556; and in the Great Heisei Consolidation, the number of villages decreased from 568 to 198, the number of towns decreased from 1,990 to 846, but the number of cities increased from 671 to 777.

In summary, it is clear that in the first place, there was a fall in the number of villages, and next the number of towns declined, while on the other hand, the number of cities has continued to increase throughout all three Great Consolidations. We can say that this shows clearly that Japan has changed from a rural to an urbanized society as its social economy has improved since the Meiji Era.

2 The History of Municipal Mergers in Japan

2-1 The Great Meiji Consolidation

When Japan carried out its modernization after the Meiji Restoration of 1867, various local systems were examined. As a result, in 1888, a modern law concerning cities, towns and villages, the municipal law named “*Shisei-Chosonseï*” (the institution of the system of cities, towns and villages) was enacted, with the date of enforcement set as the following year, 1889.

Prior to the enforcement of this law, the Great Meiji Consolidation took place with the aim of establishing cities, towns and villages as modern local administrative units. Up to this time, towns and villages (there were no cities at this time), were basically no different from the village communities of the Edo era. And these small-scale towns and villages which had 100 households or less accounted for nearly 70% of all units. They were unable to cope with the duties of registering families or levying taxation, and faced particular difficulties in operating elementary schools, which

comprised compulsory education at this time. Consequently, nation-wide municipal mergers were carried out so as to form units ranging from at least 300 to 500 or more households.

As mentioned above, the result was that the number of cities, towns and villages decreased from 71,314 in 1888 to 15,859 in 1889.

The Great Meiji Consolidation was not mandated by law, but depended on the planning and decisions of each prefecture. In other words, on the basis of directions from the Minister of Home Affairs, the governor of each prefecture (at that time the governor was a bureaucrat under the jurisdiction of the Ministry of Home Affairs) drew up plans which took due account of residents' demands and implemented them with the approval of the Minister of Home Affairs. Nevertheless, since such a huge number of mergers were accomplished within the scant space of one year, it seems quite probable that in practice the Great Meiji Consolidation came very close to being mandatory.¹

2-2 Mergers between the Great Meiji Consolidation and the Great Showa Consolidation

The number of municipalities fell from 15,859 to about two-thirds, or 9,868, in the 64 years from 1889 (the year in which the Great Meiji Consolidation occurred) until 1953 (the year prior to the Great Showa Consolidation). This shows that no single Great Consolidation accounted for all mergers; rather, mergers took place in many places in Japan even in the intervening period between Great Consolidations.

The mergers in this period can be classified into the following three groups. The first group consists of those mergers caused by the dissolution of partial-affairs-associations. The Great Meiji Consolidation permitted municipalities to establish partial-affairs-associations when they were unable to merge together because of special reasons, including geographical conditions or historical conflicts. These partial-affairs-associations were dissolved as time went by, and each municipality within these partial-affairs-associations merged with other member municipalities to form a larger municipality. The second group consists of those mergers completed as part of the development of urbanization. Even before World War II, Japan made considerable progress in urbanization as its social economy expanded. In this situation, municipal mergers were carried out in order to correspond to spreading urban areas. These mergers were completed especially in large urban areas like Tokyo, Osaka, Yokohama, Nagoya, and Kyoto.

Mergers belonging to the third group were enforced in order to strengthen Japan's war footing. City-areas were expanded compulsorily so as to establish a national system for war and defense. Mergers in Sasebo City, Yokosuka City, Tokuyama City and Maizuru City were typical of this third group. These cities had naval bases which were important for national defense.²

2-3 The Great Showa Consolidation

After World War II the new local government system started to run under the new Constitution (1946) and the Local Autonomy Law (1947). Under this postwar local government system, the roles of municipalities (cities, towns, villages) were enhanced and they were charged with the responsibility and duties of operating junior high schools, carrying out fire prevention activities, and dealing with social welfare matters.

The Great Showa Consolidation was completed to create municipalities able to carry out these new roles. In particular running junior high schools became a heavy burden for municipalities. Thus, nation-wide municipal mergers were carried out so as to form municipalities, each of which had a population of at least 8,000, since this was considered to be the minimum size needed to run junior high schools efficiently.

We may say that the Great Meiji Consolidation was undertaken to create municipalities for the effective running of elementary schools, while the Great Showa Consolidation took place in order to create municipalities for the effective running of junior high schools, which had been newly introduced as part of compulsory education.

The Great Showa Consolidation was underpinned by the enactment of two special laws. Specifically, the Municipality Merger Promotion Law was enacted in 1953 and municipal mergers were implemented intensively during the three years from 1953 to 1956. Further, those municipalities which could not be merged during this period were consolidated from 1956 to 1961 under the New Municipality Creation Promotion Law (1956).

Like the Great Meiji Consolidation, the Great Showa Consolidation was also not compulsory. Showing due respect for the independence of municipalities, consolidation was decided by the governor of each prefecture on the basis of the decisions of the related municipal assemblies. However, the central government drew up the Municipality Merger Promotion Master Plan (which set the goal of reducing the number of municipalities to one-third) and pushed ahead with these mergers in collaboration with the prefectures. It therefore seems reasonable to conclude that the Great Showa Consolidation was also undertaken under strong pressure from central government although this was not as strong as in the case of the Great Meiji Consolidation.

As a result, the number of municipalities decreased from 9,868 in 1953 to 3,975 in 1956 when the Municipality Merger Promotion Law became invalid, and decreased to about one-third, 3,472, in 1961, when the provisions for merger promotion in the New Municipality Creation Promotion Law became ineffective. The goal set by the central government (reducing the number of municipalities to one-third) was achieved.

2-4 Mergers between the Great Showa Consolidation and the Great Heisei Consolidation

For 38 years from 1961, when the Great Showa Consolidation ended, until 1999, when the Great Heisei Consolidation began, municipalities decreased in number from 3,472 to 3,229. This shows that mergers were still undertaken to some extent during this period, although the number was not so large as in the interval between the Great Meiji Consolidation and the Great Showa Consolidation.

These mergers occurred mainly in the form of growing cities merging with their surrounding towns and villages in order to make them larger and more powerful cities as urbanization developed rapidly in the context of postwar high economic growth in Japan. These mergers were especially common in large local cities like the seat of the local prefectural office.³

2-5 The Beginning of the Great Heisei Consolidation

The Great Heisei Consolidation started in 1999. Municipalities decreased in number from 3,229 in 1999 to about a half, or 1,821, in 2006. The first stage of the Great Heisei Consolidation has come to an end in 2006, but will be ongoing and will reach its final stage in 2010. The number of municipalities is therefore expected to decline further.

The Great Heisei Consolidation will be discussed in detail in the following chapters.

¹ “100 Year History of Local Government” .vol.1: pp 347-349.

² Kiyotaka YOKOMICHI, and Yasushi MURAKAMI. “Empirical Analysis of Municipal Mergers (1)” *Autonomy Research*, vol.69 No.6: 68.

³ Kiyotaka YOKOMICHI, “Municipal Merger in the Future” *Local Autonomy*, No.611:3.

3 The Background and Purposes of the Great Heisei Consolidation

The Great Heisei Consolidation began against the background of (1) the promotion of decentralization, (2) a declining birthrate and aging population, (3) the deteriorating financial situation of national and local governments and (4) the expansion of daily living space. These factors necessitated municipal mergers in order to strengthen the administrative and financial foundation of municipalities and to enable municipal administration to be implemented more efficiently and effectively.

3-1 The Promotion of Decentralization

With the enactment of the Uniform Decentralization Law in April 2000, the local government system in Japan entered a new era. It is said that this decentralization must be interpreted as part of

the “Third Wave of Reform” following the Meiji Restoration and post-war reforms.¹ The Local Autonomy Law was also largely amended by the Uniform Decentralization Law, and municipalities have to pursue the question of what form local self-government should aim at under the new local government system.

The biggest change in this decentralization is the abolition of the “Delegated Function System”. The “Delegated Function System” refers to the system whereby the central government appointed the Chief Executive of a local government entity as an executive branch of the national government and delegated a wide range of administrative duties to the Chief Executive. This kind of administration accounted for a large proportion of the administrative operations of local governments. Therefore, it is fair to say that the abolition of this system is a fundamental reform of the local self-government system.

Before decentralization, municipalities performed these delegated duties under the direction and supervision of the central government and the prefectures in which they were located. Perhaps as the result of a mindset acquired from being in this kind of subordinate position, they even completed their own administrative business by following directions given in the context of supervision by national government and the prefectures. In other words, they dealt with various administrative matters, but they did this not as independent self-governing units but only as bodies implementing the decisions of the central government and prefectures.

After decentralization, within the limits of relevant laws, municipalities are expected to carry out all their administration independently under the principle of autonomous decision-making and delegated responsibility. As a result, decentralization will give rise to various differences among municipalities based on the differences in the administrative performance and regional management of each municipality. In the initial stages, there is no clear pattern to these variations, but they will become bigger and bigger as time goes by.

Municipalities are not expected, within the context of this decentralization reform, to have to undertake new duties. On this point, this decentralization differs from the implementation of the new municipal law in the Meiji era and the enactment of the Local Autonomy Law in 1947. Municipalities are expected to deal with their own duties independently on the basis of their own decisions, in other words, not to expand their administrative performance in quantity but to improve it in quality.²

3-2 Progression of Declining Birthrates and an Aging Population - Toward a Continually Shrinking Society

Japan had a population of 55.69 million in 1920 when the national census was first taken, and from that time on, its population continued to increase. In 2005, the population of Japan was 127.76 million, an increase of 830,000 over the previous census year (2000). However, this figure was

20,000 lower than the figure estimated in 2004 and it seems that the Japanese population reached its peak in 2004.³ It is likely that the downward trend will continue from this point onward, and the population in Japan is expected to be 117.58 million in 2030, 8% less than in 2005.⁴

In this situation of a progressive decline in the birthrate and a progressive aging of the population, it is estimated that the percentage of youth fourteen years or younger will drop from 13.9% in 2005 to 11.3 % in 2030, and that of senior citizens 65 years or older will rise sharply from 19.9% in 2005 to 29.6 % in 2030.⁵

Up to 2004, Japan's population had been increasing, so even municipalities where the population had been decreasing could expect that the decrease would stop and the population would grow as a result of enhancing the public service level for residents and/or infusing vitality into local economic activities. However, it has now become difficult for such municipalities to expect this kind of scenario in future, at a time when Japanese society has entered a shrinking stage.

Municipalities, in particular those with small populations in rural areas, have to consider how to deal with the problems of the declining birthrate and aging population in their own areas and how to sustain their communities in the context of a society that is experiencing population shrinkage.

3-3 Significantly Deteriorating Financial Situation

Japan had been enjoying uninterrupted economic growth since 1960, albeit with a shift from high rapid growth to lower stable growth. However, the situation has changed dramatically since the bubble economy burst in the early 1990s. In the future, the Japanese economy will continue to mature and international competition will intensify as a result of globalization. Therefore we can no longer expect uninterrupted economic growth as happened in the past.

These circumstances have a serious effect both on national and local finances. Until the change referred to above, matching Japan's favorable economic growth, both national finances and local finances increased. However, from now on, it is likely to be difficult to see growth in local taxes or local allocation taxes (a portion of national taxes) or to see uninterrupted growth in national and local finances, since we cannot hope that there will be a lot of growth to the Japanese economy as a whole.

In addition, both central government and local governments have made huge borrowings to deal with economic stimulus packages and the budget deficit. The total of borrowings by central government and local governments amounted to over 700 trillion yen at the end of fiscal 2004.

Both central government and local governments will be forced to undertake hard fiscal operations, because they cannot expect a lot of growth in tax revenues and will have to repay their huge borrowings in the future.

Municipalities are having to keep up with big changes of this kind in their economic and fiscal circumstances.

3-4 Expansion of Daily Living Space – Development of Wide-area Administration

From the mid 1960s on, motorization spread rapidly in Japan. Finding that they had surplus funds, many people acquired their own cars, and to meet the demand that resulted from this, there was a nation-wide expansion of the road network. People used their cars to go to work, to go to places of entertainment and to go shopping. As a result, the physical range of activities (living space) of residents expanded beyond the boundaries of municipalities.

Nevertheless, the measures adopted by municipalities at that time to cope with the expansion of living space and wide-area administrative needs consisted not of mergers but of wide-area administration.

The wide-area administration measures were made up of two elements. One was the formation of wide-administrative areas. Under the supervision of the Ministry of Home Affairs (now the Ministry of Internal Affairs and Communications), wide-administrative areas were formed throughout the country, taking the post-1969 expanded daily life area as a primary criterion. The other measure was to make use of a cooperative system of local administration. A system of partial-affairs-associations or local cooperative councils had been used as an administrative device for the organization of wide-administrative areas or as a cooperative body for settling administrative matters in wide-administrative areas. A partial-affairs-association for firefighting or garbage disposal was typical of these measures.

The measures outlined here continued for more than 30 years after they were implemented in 1969. And now, it became increasingly feasible and desirable to merge municipalities on the basis of an enlarged daily life area, making use of expertise accumulated in wide-area administration, with the aim of building up municipalities equipped with the ability to respond to the above-mentioned decentralization as well as to the changing socio-economic circumstances of a declining birthrate and aging population, and a deteriorating financial situation.

¹ Decentralization Promotion Committee. Ed. “The Intermediate Report - For Creation of Decentralized Society”, 25 March 1996:p3.

² Shigetaka YAMASAKI. “About New Basic Municipality” (“Reformation of the Local Administration System”, Ed. Kiyotaka YOKOMICHI. 2004)

³ Ministry of Internal Affairs and Communications HP “Outline of Results in National Census in 2005”

⁴ The National Institute of Population and Social Security Research. “Estimated Future Population in Japan (Estimated in January 2003).

⁵ *ibid.*

4 Methods of the Great Heisei Consolidation

4-1 Procedures for Mergers of Municipalities

The Great Heisei Consolidation was carried out in accordance with the procedures set out in the Local Autonomy Law and The Law for Exceptional Measures on Municipal Mergers (hereinafter referred to as the Municipal Merger Law). The outline of these procedures is as follows (See Figure 1).

1) Municipalities which wants to merge together establish a merger consultation committee following a vote in each assembly (with reference to the establishment of the committee, residents have the right to demand the establishment of that committee and to hold a referendum on its establishment).

2) Within the established committee, ① discussions are held on the name of the newly merged municipality and the location of the government office as well as arrangements for business matters and ② a master plan for the creation of the newly merged municipality is developed.

3) Each municipal assembly votes on the merger on the basis of the discussions and the master plan.

4) On the basis of the vote of each municipal assembly, the mayors of the municipalities concerned make an application for a merger to the governor of the prefecture in which these municipalities are located.

5) The governor who receives the application decides on the merger on the basis of a vote in the prefectural assembly and reports this outcome to the central government (Minister of Internal Affairs and Communications).

6) The Minister of Internal Affairs and Communications receives this report and issues a public notice. The merger comes into force with the issuing of this public notice.

The significant point is that these mergers, comprising the Great Heisei Consolidation, are also not compulsory by law. Just as in the case of the Great Showa Consolidation, on the basis of the votes for a merger cast by the members of each municipal assembly, the governor of the prefecture concerned makes the final decision. It is therefore fair to say that the Great Heisei Consolidation was carried out on the basis of the voluntary decision of each municipality.

4-2 Amendments to the Municipal Merger Law

However, this above does not mean that the central government (the nation) has had no hand in the mergers.

The central government declared its policy of promoting municipal mergers by revising the Municipal Merger Law.

The Municipal Merger Law is a fairly old law enacted in 1965. In its original form, it did not

aim to promote municipal mergers, and remained neutral toward them. What it did was simply to establish exceptional measures which removed legal obstacles in order that the voluntary mergers of municipalities could proceed smoothly.

When the Municipal Merger Law was amended in 1995, its exceptional measures were expanded and its character was changed so that it became a law that promoted mergers. At the same time, central government changed its neutral stance toward mergers into a positive one. When required amendments were made on the basis of the Uniform Decentralization Law in July, 1999, central government displayed its positive stance even more clearly.

As a very important measure, the government greatly expanded favorable fiscal measures implemented through the medium of the local allocation tax with the aim of giving a strong incentive for mergers of municipalities. Specifically, ① the grace period during which local allocation tax would not be reduced as a result of mergers was extended from five years to 10 years (a large extension of the period of the exceptional calculation for merged municipalities), ② in order to finance the costs of new city planning after mergers, provisions were made for the issue of special local bonds, redeemed to the extent of which are compensated by 70% of the principal and interest through the local allocation tax is provided for (the establishment of special merger bonds).

It is fair to say that the Great Heisei Consolidation began with this amendment to the Municipal Merger Law.

The expiration date of this amended law was March 31, 2005 (in actual fact postponed to March 31, 2006). The central government worked on municipalities in various ways so that as many municipalities as possible would be merged.

4-3 Activities of the Central Government and Prefectures toward Municipalities

In the beginning, the central government presented the “Guidelines for the Promotion of Municipal Mergers” to prefectures in August, 1999. And an important point to emphasize in relation to these Guidelines is that the central government asked prefectures to make “Merger Patterns” for municipalities which came under the jurisdiction of the respective prefectures. These guidelines had the status of “notices”, and as such they were not legally enforceable. Nevertheless, all the prefectures in Japan subsequently created merger patterns and put pressure on municipalities to promote mergers on the basis of these patterns.

Next, central government even went so far as to indirectly declare its intention to move forward with municipal mergers, setting a target of 1,000 in the Comprehensive Program for Administrative Reform (Cabinet Decision of December 1, 2000).

Moreover, in March, 2001, central government set up “The Municipal Merger Assistance Headquarters” with the Minister of Internal Affairs and Communications as its chief and created an assistance system whereby the government ministries and agencies concerned would support

municipal mergers as one body.

In August, 2001, “The Municipal Merger Assistance Plan” was formulated as an integrated assistance measure including various kinds of support from the government ministries and agencies concerned. The government recommended municipalities to merge by allowing them privileges through this merger assistance plan as a strong incentive in addition to exceptional measures created by the Municipal Merger Law.

Central government also carried on campaigns and public relations activities to promote municipal mergers such as holding “Nation-wide relay symposiums for thinking together about municipal mergers” (beginning in 2000) along with the prefectures (see Note below).

While the central government indicated a standard-unit size (or, a minimum-unit size) for municipalities involved in mergers in both the Great Meiji Consolidation and the Great Showa Consolidation, it did not indicate any such unit-size in the Great Heisei Consolidation. In the Great Showa Consolidation, central government unilaterally decided on the municipal merger plan and carried out it. However, it did not do this in the Great Heisei Consolidation. It cannot be denied that central government took the initiative in promoting the Great Heisei Consolidation, but its initiative was not as strong as in the case of the Great Meiji Consolidation or the Great Showa Consolidation. In other words, the Great Heisei Consolidation took place with much more respect for municipal initiatives.

Note: Regarding these activities of the central government and other bodies for the promotion of municipal mergers, see Cf. Toshihiro SHINOHARA. “The Promotion of Municipal Mergers” (“Reformation of the Local Administration System” Ed. Kiyotaka YOKOMICHI. 2004).

5 The Process and Results of the Great Heisei Consolidation

5-1 Transition in the Number of Merger Consultation Committees

As mentioned above, municipalities which aim to merge will set up merger consultation committees first and then begin consultations on the proposed merger. Table 2 shows the transition in the number of merger consultation committees.

As Table 2 indicates, even though the Great Heisei Consolidation started in fiscal 1999 (Fiscal years in Japan run from April 1 to March 31 of the following year), the number of merger consultation committees set up from fiscal 1999 to fiscal 2001 is small. We see that in this period, some municipalities dealt with mergers ahead of time but many of them took a ‘wait and see’ approach. This period was the time when every prefecture was creating “Merger Patterns” and it can be thought of as preparation time or as an approach run for the Great Consolidation.

The number of merger consultation committees showed an upward surge from fiscal 2002 to

fiscal 2004. Generally it takes two years to accomplish municipal mergers from the time of the initial consultations on the merger. Therefore, many of the merger consultation committees were established in anticipation of the expiration of the Municipal Merger Law. These three years were the peak period for consultations on mergers nation-wide.

In fiscal 2005, the number of merger consultation committees fell sharply. The fall is due to the committees being wound up either because of success or failure in the accomplishment of mergers within the term of the Municipal Merger Law.

5-2 Transition in the Number of Mergers

The transition in the number of mergers is shown in Table 3.

As the table indicates, the annual number of mergers is in the one-digit range from fiscal 1999 to fiscal 2002. However, it increased rapidly to 30 in fiscal 2003, 215 in fiscal 2004, and 325 in fiscal 2005.

This shows that a lot of mergers were undertaken two years after the rapid increase of merger committees between fiscal 2002 and fiscal 2004. Moreover, it is fair to say that the effect of the extension of the time limit of the Municipal Merger Law from the end of fiscal 2004 to the end of fiscal 2005 was large. Consultations in merger committees which began in and after fiscal year 2004 seem to have entailed considerable hard work because of the existence of the final deadline in March 2006.

The number of merged municipalities increased rapidly corresponding to the increase in the number of mergers, from 110 in fiscal 2003 to 826 in fiscal 2004, and 1,025 in fiscal 2005. In total, 1,993 municipalities were merged during the effective period of the Municipal Merger Law. We can see from this that 60 percent and more of 3,232 municipalities in March 1999 took part in the Great Heisei Consolidation.

5-3 Transition in the Number of Municipalities

Figure 2 shows the transition in the number of municipalities during the Great Heisei Consolidation.

The number of municipalities was 3,232 in fiscal 1998, the year before the Great Consolidation began, and it remained almost the same until fiscal 2002. In fiscal 2003, it decreased a little from 3,212 to 3,132, and decreased sharply to 2,521 at the end of fiscal 2004, before decreasing rapidly to 1,821 at the end of fiscal 2005.

These changes clearly correspond to the transition of merger numbers previously mentioned. In a situation in which the expiration of the Municipal Merger Law was imminent, there was an avalanche of municipal mergers in the two years of fiscal 2004 and fiscal 2005. Moreover, the number of villages and towns decreased greatly, while the number of cities increased greatly during

these two years.

The figure of 1,821 at the end of fiscal 2005 when the Municipal Merger Law expired was not low as the target of 1,000 set by the central government. However, many people said right from the beginning that the target would be difficult to achieve, so the fact that the final figure was less than 2,000 was regarded as being beyond expectations.

6 The Impact of the Great Heisei Consolidation and Issues Resulting from it

6-1 Strengthening Municipalities and Improving Efficiency

Table 4 shows the transition in the numbers of municipalities according to population strata before and after the Great Heisei Consolidation.

The result of this Great Consolidation is that the decrease in number was greatest in the case of municipalities which had populations of less than 10,000, followed by those with populations between 10,000 to 30,000. The former category of municipalities comprised 1,537 municipalities at the end of fiscal 1998, half the total of all municipalities, numbering 3,232 at this time, but this figure of 1,537 was reduced to 504 (one-third). The latter category comprised 986 municipalities at the end of fiscal 1998, and reduced to 514 (half) municipalities at the end of fiscal 2005. As a conclusion, we can say that the integration of small-scale municipalities (especially, towns and villages) has been advanced by the Great Heisei Consolidation.

Table 5 shows the transition in the number of populations and areas according to city, town, and village.

As mentioned above, what this Great Consolidation brought about was a sharp decrease in the number of towns and villages, and on the other hand an increased in the number of cities. From the point of view of population distribution, the results show that 88.5% of the whole population of Japan live in cities, and these cities occupy 50% or more of the land area of Japan. It is in this way that a city-centered municipality system has been established.

In ways such as these, through the mechanism of the Great Consolidation, by means of the progress achieved in the integration of small-scale municipalities and the establishment of a city-centered municipality system, the system of municipalities has been strengthened. We can see from Table 5 that before the Great Consolidation each municipality had on average a population of 36,387 people and measured 114.8 square km in area, while after the Great Consolidation, each municipality contained on average 65,499 people and measured 204.0 square km in area, both of these items amounting to an increase of about 1.8 times.

Moreover, the Great Consolidation made it possible to reduce the number of assembly members by 17,500, and the number of mayors of municipalities by 1,400. In addition, a great reduction in the number of municipal employees (especially in general affairs sections) has been

made possible, and plans can be drawn up for the rationalization of expenditures other than personnel expenses. According to the trial calculations of the Ministry of Internal Affairs and Communications, the effect of efficiency improvements within the framework of the Great Consolidation is expected, in the long term, to reach as much as 1.8 trillion yen a year.(See Note below)

6-2 Merger Promotion by the New Municipal Merger Law

However, small-scale municipalities, especially those with less than 10,000 people, still remain, as I mentioned, with a total number of around 500 or more. The issue still outstanding is to promote the merger of these small-scale municipalities with others.

Moreover, there is a need to offer another chance to realize a merger to municipalities which might have been expected to merge, or to those which did merge but where the merger was not successful due to various reasons within the time limit of the Municipal Merger Law.

Table 6 shows the progress of mergers according to each Prefecture. It shows that there are big differences among prefectures in the progress of mergers. The rate of decrease in the number of municipalities exceeds 70% in prefectures such as Hiroshima, Ehime and Nagasaki, but is only 2% to 5% in prefectures such as Osaka, Tokyo and Kanagawa. In general, the rate of decrease is higher in the West than in the East. Therefore, there is a need to advance municipal mergers in these low-merger areas in order to maintain a balance with other administrative areas.

The above are the reasons why the central government newly enacted in May 2004 the new Municipal Merger Law, which went into effect in April 2005. This law takes the place of the previous Municipal Merger Law and represents a decision by central government to attempt promotion of another round of municipal mergers under the new Municipal Merger Law (This technique resembles that of the Great Showa Consolidation, when municipal mergers were again promoted by the New Municipality Creation Promotion Law in 1956 after being promoted by the Municipality Merger Promotion Law in 1953).

The new Municipal Merger Law does not contain such strong fiscal measures as the old Municipal Merger Law. It is therefore still uncertain to what extent mergers will advance by the end of March 2010, which is the deadline of the new law, though eight mergers have already been completed on the basis of this law as of January, 2007.

(Note) "The Effect of the Consolidation of Municipalities", Research Committee Concerning the Merger of Municipalities, Ministry of Internal Affairs and Communications (May 10, 2006).

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Table 1 The Transition in the Number of Municipalities

Date	City	Town	Village	Total
1888	—	(71,314)		71,314
1889	39	(15,820)		15,859
1898	48	1,173	13,068	14,289
1908	61	1,167	11,220	12,448
1922	91	1,242	10,982	12,315
1930	109	1,528	10,292	11,929
1940	178	1,706	9,614	11,498
Oct, 1945	205	1,797	8,518	10,520
Oct, 1953	286	1,966	7,616	9,868
Apr, 1955	488	1,833	2,885	5,206
Sep, 1956	498	1,903	1,574	3,975
Jun, 1961	556	1,935	981	3,472
Apr, 1965	560	2,005	827	3,392
Apr, 1975	643	1,974	640	3,257
Apr, 1985	651	2,001	601	3,253
Apr, 1995	663	1,994	577	3,234
Apr, 1999	671	1,990	568	3,229
Apr, 2005	739	1,317	339	2,395
Mar, 2006	777	846	198	1,821

("The Data Book:National Municipalities 2005" (Daiichi Houki) and data from the Ministry of Internal Affairs and Communications)

Table 2 The Transition in the Number of Merger Consultation Committees

	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
The Number of Merger Consultation Committees	12	20	39	241	579	797	360
(Newly Set Up)	(4)	(8)	(22)	(206)	(369)	(304)	(11)

*When committees were abolished through mergers, we have taken the numbers as those summed up on the day before the mergers.

(Data from the Ministry of Internal Affairs and Communications)

The Transition in the Number of Municipal Mergers

Table 3

	Number of Mergers	Number of Merged Municipalities
Fiscal 1999	1	4
Fiscal 2000	2	4
Fiscal 2001	3	7
Fiscal 2002	6	17
Fiscal 2003	30	110
Fiscal 2004	215	826
Fiscal 2005	325	1,025
Total	582	1,993

* In fiscal 2005, one case falling under the New Municipal Merger Law was counted.
(Data from the Ministry of Internal Affairs and Communications)

Table 4 The Transition in the Number of Municipalities according to Population Strata

	1999.3.31		2006.3.31	
	The Number of Entities		The Number of Entities	
500,000 or more	21	(0.6%)	26	(1.4%)
from 300,000 or more to less than 500,000	43	(1.3%)	46	(2.5%)
from 200,000 or more to less than 300,000	41	(1.3%)	40	(2.2%)
from 100,000 or more to less than 200,000	115	(3.6%)	150	(8.2%)
from 50,000 or more to less than 100,000	227	(7.0%)	276	(15.2%)
from 30,000 or more to less than 50,000	262	(8.1%)	265	(14.6%)
from 10,000 or more to less than 30,000	986	(30.5%)	514	(28.2%)
less than 10,000	1,537	(47.6%)	504	(27.7%)
Nation-wide Total	3,232	(100.0%)	1,821	(100.0%)

*the population in 1999 according to the National Census of 1995

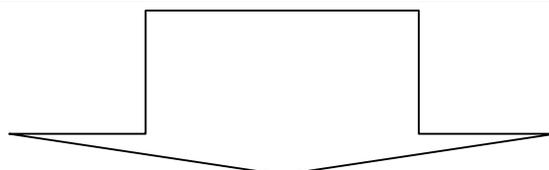
*the population in 2006 according to the National Census of 2005

(Data from the Ministry of Internal Affairs and Communications)

Table 5

The Transition in the Number of Populations and Areas according to City, Town, and Village

Kinds of Municipalities	1999.3.31			
	Number of Units	Population		area (km ²)
City	670	90,361,923	(76.8%)	104,923.0 (28.3%)
Town and Village	2,562	27,240,709	(23.2%)	266,117.5 (71.7%)
Town	1,994	24,767,689	(21.1%)	206,010.3 (55.5%)
Village	568	2,473,020	(2.1%)	60,107.2 (16.2%)
Nation-wide Total	3,232	117,602,632	(100.0%)	371,040.5 (100.0%)
(Ref.) National Average		36,387		114.8



Kinds of Municipalities	2006.3.31			
	Number of Units	Population		area (km ²)
City	777	105,545,442	(88.5%)	207,658.6 (55.9%)
Town and Village	1,044	13,728,323	(11.5%)	163,738.7 (44.1%)
Town	846	12,766,683	(10.7%)	138,822.4 (37.4%)
Village	198	961,640	(0.8%)	24,916.3 (6.7%)
Nation-wide Total	1,821	119,273,765	(100.0%)	371,397.3 (100.0%)
(Ref.) National Average		65,499		204.0

*The population in 1999 according to the National Census of 1995.

*The population in 2006 according to the National Census of 2005.

*The area in 1999 according to The Summary of National Municipalities 1998 Daiichi Houki.

*The area in 2006 according to The Summary of National Municipalities 2005 Daiichi Houki.

(Data from the Ministry of Internal Affairs and Communications)

Table 6

The Progress of Mergers according to each Prefecture

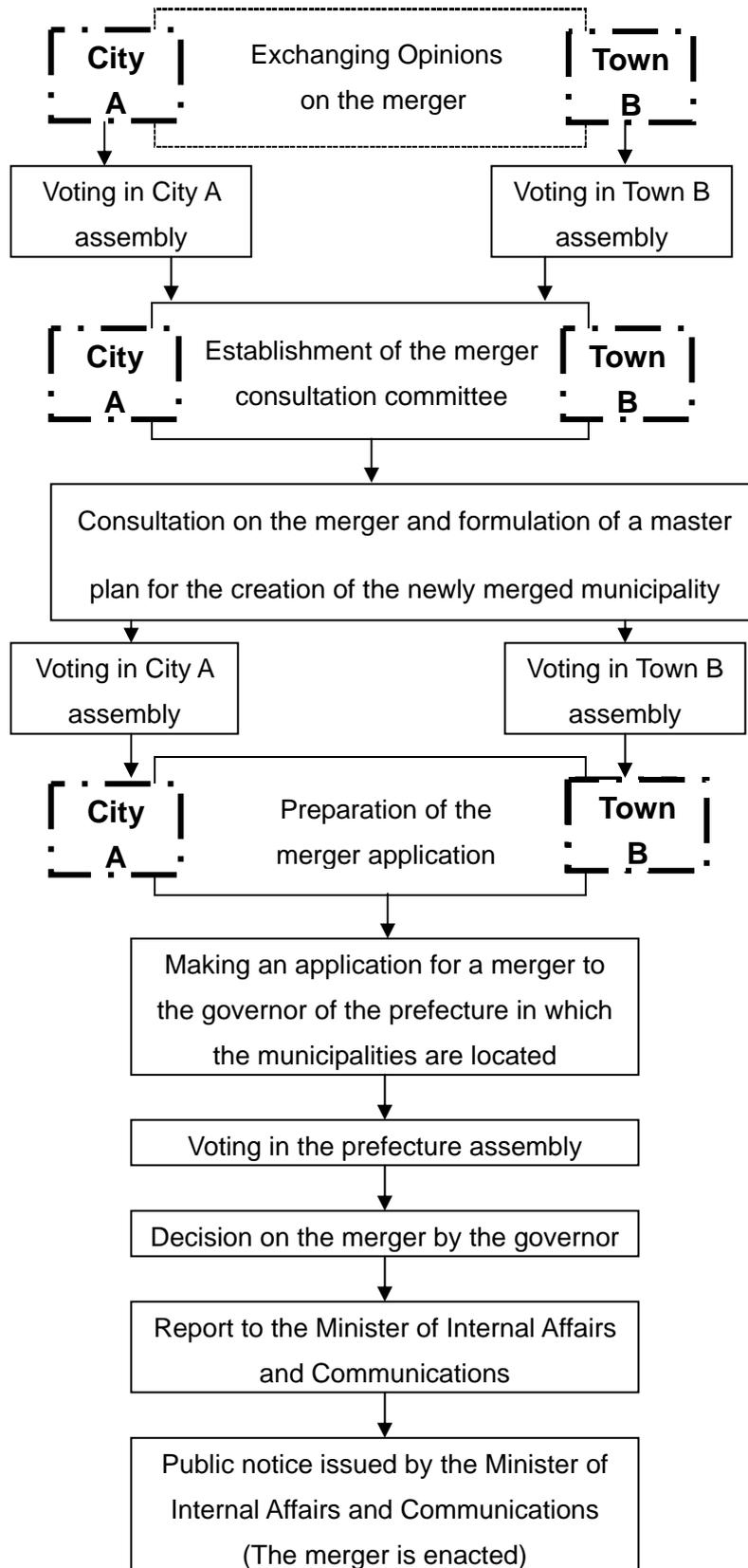
	Prefecture	1999.3.31 Number of Municipalities	Detail			2006.3.31 Number of Municipalities	Detail			Rate of Decrease
			City	Town	Village		City	Town	Village	
1	Hokkaido	212	34	154	24	180	35	130	15	15.1%
2	Aomori	67	8	34	25	40	10	22	8	40.3%
3	Iwate	59	13	30	16	35	13	16	6	40.7%
4	Miyagi	71	10	59	2	36	13	22	1	49.3%
5	Akita	69	9	50	10	25	13	9	3	63.8%
6	Yamagata	44	13	27	4	35	13	19	3	20.5%
7	Fukushima	90	10	52	28	61	12	33	16	32.2%
8	Ibaraki	85	20	48	17	44	32	10	2	48.2%
9	Tochigi	49	12	35	2	33	14	19	0	32.7%
10	Gunma	70	11	33	26	39	12	17	10	44.3%
11	Saitama	92	43	38	11	71	40	30	1	22.8%
12	Chiba	80	31	44	5	56	36	17	3	30.0%
13	Tokyo	40	27	5	8	39	26	5	8	2.5%
14	Kanagawa	37	19	17	1	35	19	15	1	5.4%
15	Niigata	112	20	57	35	35	20	9	6	68.8%
16	Toyama	35	9	18	8	15	10	4	1	57.1%
17	Ishikawa	41	8	27	6	19	10	9	0	53.7%
18	Fukui	35	7	22	6	17	9	8	0	51.4%
19	Yamanashi	64	7	37	20	29	13	9	7	54.7%
20	Nagano	120	17	36	67	81	19	25	37	32.5%
21	Gifu	99	14	55	30	42	21	19	2	57.6%
22	Shizuoka	74	21	49	4	42	23	19	0	43.2%
23	Aichi	88	31	47	10	64	34	27	3	27.3%
24	Mie	69	13	47	9	29	14	15	0	58.0%
25	Shiga	50	7	42	1	26	13	13	0	48.0%
26	Kyoto	44	12	31	1	28	14	13	1	36.4%
27	Osaka	44	33	10	1	43	33	9	1	2.3%
28	Hyogo	91	21	70	0	41	29	12	0	54.9%
29	Nara	47	10	20	17	39	12	15	12	17.0%
30	Wakayama	50	7	36	7	30	8	21	1	40.0%
31	Tottori	39	4	31	4	19	4	14	1	51.3%
32	Shimane	59	8	41	10	21	8	12	1	64.4%
33	Okayama	78	10	56	12	29	15	12	2	62.8%
34	Hiroshima	86	13	67	6	23	14	9	0	73.3%
35	Yamaguchi	56	14	37	5	22	13	9	0	60.7%
36	Tokushima	50	4	38	8	24	8	15	1	52.0%
37	Kagawa	43	5	38	0	17	8	9	0	60.5%
38	Ehime	70	12	44	14	20	11	9	0	71.4%
39	Kouchi	53	9	25	19	35	11	18	6	34.0%
40	Fukuoka	97	24	65	8	69	27	38	4	28.9%
41	Saga	49	7	37	5	23	10	13	0	53.1%
42	Nagasaki	79	8	70	1	23	13	10	0	70.9%
43	Kumamoto	94	11	62	21	48	14	26	8	48.9%
44	Oita	58	11	36	11	18	14	3	1	69.0%
45	Miyazaki	44	9	28	7	31	9	19	3	29.5%
46	Kagoshima	96	14	73	9	49	17	28	4	49.0%
47	Okinawa	53	10	16	27	41	11	11	19	22.6%
		3,232	670	1,994	568	1,821	777	846	198	43.7%

* one case falling under the New Municipal Merger Law was counted.

(Data from the Ministry of Internal Affairs and Communications)

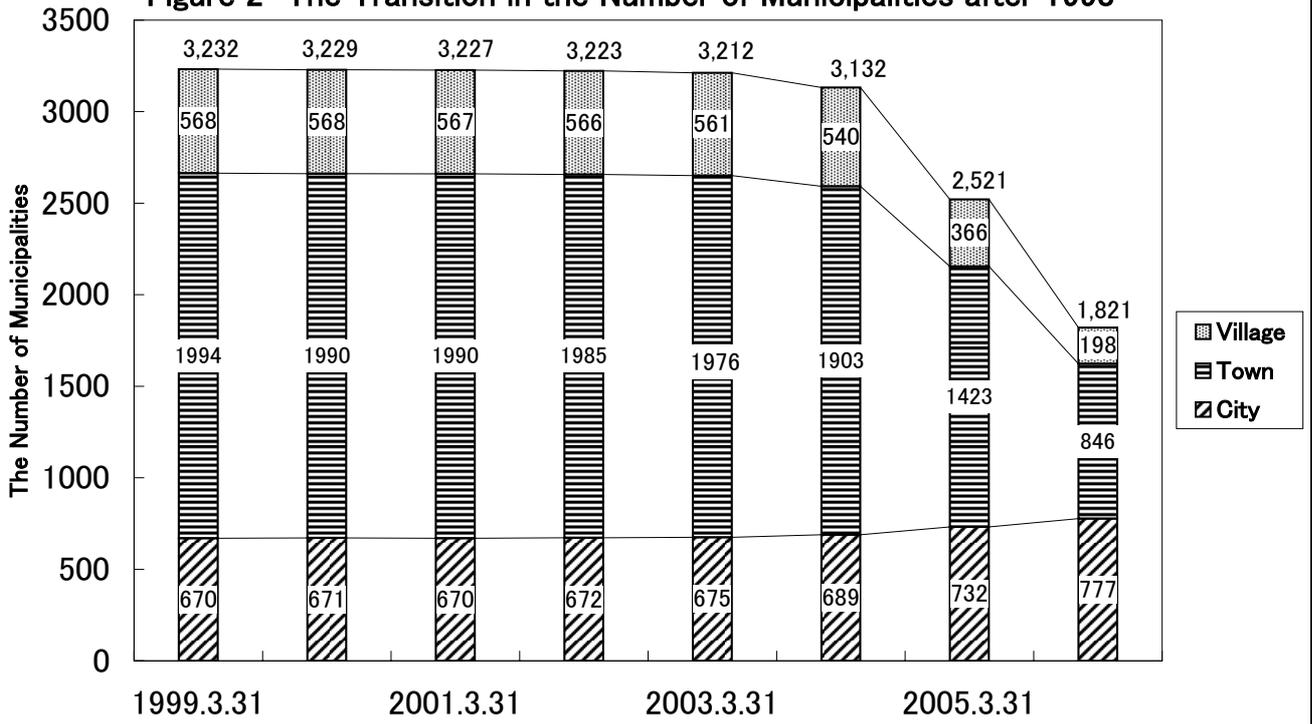
Figure 1

Procedures for the Merger of Municipalities



(Data from the Ministry of Internal Affairs and Communications)

Figure 2 The Transition in the Number of Municipalities after 1998



(Data from the Ministry of International Affairs and Communications)