

# **Municipal Amalgamation in Japan**

*Masaru Mabuchi*

## **Abstract**

This paper describes the causes and consequences of post-war municipal amalgamations in Japan. It shows that recent amalgamations have been inspired in part by the desire to ensure that municipalities thus formed had sufficient capacity to deliver important public services in such areas as education, sanitation and welfare. It notes that there may be cost-efficiency gains associated with amalgamation in that the costs of delivering public services in Japan appear to be lower for larger municipalities (up to a point). Furthermore, case studies of some prefectures show that voter turnout in elections is not significantly affected by amalgamations.

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## **Foreword**

This paper was prepared for a project on Local Government Development in Japan. The project was organized by the World Bank Institute under the auspices of the Program for the Study of Japanese Development Management Experience financed by the Policy and Human Resources Development Trust Fund of the Government of Japan.

The principal objectives of this Program are to conduct studies on Japanese and East Asian development management experience and to disseminate the lessons of this experience to developing and transition economies. Typically, the experiences of other countries are also covered in order to ensure that these lessons are placed in the proper context. This comparative method helps identify factors that influence the effectiveness of specific institutional mechanisms, governance structures, and policy reforms in different contexts. A related and equally important objective of the Program is to promote the exchange of ideas among Japanese and non-Japanese scholars, technical experts and policy makers.

The papers commissioned for this project cover a number of important issues related to local government development in Japan. These issues include: the process of controlled decentralization; increasing political inclusiveness; redistributive impact of local taxes and transfers; allocation of grants; municipal amalgamation; personnel exchanges; personnel policies; agency-delegated functions; and local policy initiatives.

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# *Municipal Amalgamation in Japan*

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## **Overview of Amalgamations: Meiji, Showa and Present Periods**

The history of the municipality in Japan is that of its amalgamation. In 1883 there were 71,497 municipalities in Japan. From 1883 to 1898, the number of municipalities decreased to 14,289 as a direct result of municipal amalgamation. Five-sixths of municipalities disappeared in those 16 years. From the end of the last century to 1950, amalgamation efforts continued, although they were not as conspicuous. The second drastic change took place from 1950 to 1960. During this period, the total number of municipalities decreased from 10,443 to 3,526. Now there are about 3,245 municipalities. In this way, the average size of municipalities in square measure has grown steadily through amalgamation.

This paper focuses on the amalgamation efforts of the 1950s, because this seems to have laid the foundation for economic growth and political democracy in postwar Japan. Two questions will be addressed. First, why could municipal amalgamation be carried out promptly? Second, what was brought about by municipal amalgamation? Three distinct periods of amalgamation will be reviewed, beginning with the Big Amalgamation of Meiji, which was the first such effort on an extensive scale. Two rounds of amalgamation in the postwar period will be considered. One is the Big Amalgamation of Showa in the 1950s, which is the main focus of this chapter, and the other is amalgamations after 1961. Before proceeding, it is helpful to note that amalgamations can be either combinations or annexations. In a combination, a few small municipalities of similar size are united as a new entity. In an annexation, a large city absorbs its neighboring small villages and towns. Most of the amalgamations of Meiji and Showa were combinations, while the majority of amalgamations after 1961 were annexations.

### *The Big Amalgamation of Meiji*

Most of the municipalities in the early Meiji era were natural villages, as opposed to administrative entities. Their spheres were narrow and their sizes were small. Of all 70,000 municipalities, approximately 50,000 consisted of less than 100 houses.

In 1887 the Meiji government decided to establish the local autonomy system by an enactment of Local Authority Laws. The national government concluded that municipalities were too small to deal with delegated tasks such as the establishment and management of primary education, collection of taxes, and registration of residents' addresses in their respective areas. The government judged that a municipality should contain at least 300–500 houses to be able to implement these tasks independently. With this rationale, it embarked on consolidating municipalities. Owing to massive amalgamations under the strong leadership of the national government, the number of municipalities was reduced to 14,289 in 1898, which is one-fifth of the number of municipalities before the Local Authority Laws.<sup>1</sup>

**Table 1: Number of Municipalities**

<i>Year</i>	<i>City</i>	<i>Town</i>	<i>Village</i>	<i>Total</i>
1883	19	12,194	59,284	71,497
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
1945	205	1,797	8,518	10,520
1950	235	1,862	8,346	10,443
1955	488	1,833	2,885	5,206
1960	555	1,922	1,049	3,526
1965	560	2,005	827	3,392
1970	564	2,027	689	3,280
1975	643	1,974	640	3,257
1980	646	1,991	618	3,255
1985	601	2,001	652	3,254
1990	651	2,001	601	3,253
1995	663	1,994	557	3,234

*Source:* Research Center of Administrative Management 1996, p. 15.

The Big Amalgamation of Meiji was undertaken so that municipalities could contribute to the most important and urgent task of the Meiji government—to modernize the Japanese state under the slogan "Rich Nation, Strong Army." The Meiji government's purpose in the extensive amalgamation is expressed correctly by Yasuhiko Shima (Shima and others 1958):

Compulsory amalgamations of municipalities [by the Meiji government] were conducted not only for reforming and rationalizing administrative organizations rather than for realizing "local autonomy" but also for strengthening municipalities as a foundation of the state power rather than for strengthening municipalities themselves.

For these purposes, the municipality was to be charged with such functions as establishing family registers for tax collection and the military draft. To improve the ability of small municipalities to carry out such tasks, the government attempted to promote amalgamation of small villages.

The Meiji Amalgamation also contributed to the simplification of inter-municipal financial relations. Prior to the Amalgamation, municipal governments had a multiple-account system. One account was the main account, budgeted for an individual municipality's affairs, and the others were special accounts for joint activities with neighboring municipalities. Table 2 shows the fiscal year 1888 budget of Kanamaru Village of Kashima County in Ishikawa Prefecture. Kanamaru Village belongs to four inter-municipal organizations and had six budget accounts, including one account for the upper administrative unit (county) and four accounts for inter-municipal organizations. Of the total amount, only 17 percent was spent for the independent activities of Kanamaru Village, and the rest was for the county and special districts. Other towns and villages in the county were also joining inter-municipal organizations, and therefore had

multiple-account systems. Amalgamation permitted a rationalization of the budgetary systems and accounts of small villages.

**Table 2: Budgets of Kanamaru Village**

<i>Budget</i>	<i>Amount(yen)</i>	<i>Share(%)</i>	<i>Number of affiliated municipalities</i>
Federation of all municipalities in			
Kashima	332	49.0	182
Road district	26	3.8	23
Flood control district	124	18.3	14
Common administrative duties	62	9.1	4
Common educational duties	18	2.7	2
Proper duties	116	17.1	1
Total	678	100.0	

*Source:* Shima and others 1958, pp. 60-61..

*Big Amalgamation of Showa*

After the end of World War II, Japan experienced a variety of political, economic, and social reforms under the direction of the General Headquarters of the Allied Forces. The relationships between the national and local governments also underwent a significant institutional change. The Allied Occupation aimed at strengthening local autonomy, along with a policy of democratizing the Japanese polity. In 1949, the Shoup mission examined the center-local relationship in Japan and concluded that the administrative authorities should be redistributed among the various levels of government. It particularly emphasized the importance of the municipality as the underpinning of local autonomy. It reported that if municipalities found it difficult to operate newly devolved duties efficiently, they should combine with their neighbors.

The national government established the Research Council on Local Administration at the end of 1949 in order to map out the Shoup recommendation and to devolve administrative activities directly related to the daily life of the residents, such as the operation of primary and junior high schools, municipal police, sewerage and sanitation facilities, and social security activities such as poor relief and child care to the municipality. After a year of deliberation, the council reported that a population of 8,000 residents should be the minimum size of a municipality, although it admitted that population would not be the best yardstick for measuring size, and this number should not be taken as absolute. The reason it took 8,000 as the target was that municipalities with fewer residents were regarded as incapable of managing junior high schools, one of the most important duties devolved to the postwar municipalities.<sup>2</sup>

The national government launched amalgamation at the municipal level again. It ordered prefectural governments to promote municipal amalgamation in their respective territories in January 1951. It also enacted the Law for Promotion of Amalgamation of Town and Village in 1953. As soon as this law expired in 1956, the government enacted a new law, entitled the Law for Promotion of Constructing New Municipality. The two laws for municipal amalgamation contained special measures to promote amalgamation. (These will be explained in detail later.) All of the special measures were applied only to towns and villages, because only small-size municipalities were encouraged to amalgamate in those days. Until 1961, municipalities were to

be amalgamated into a total of no more than 3,472, and the goal was almost attained in an eight-year effort.<sup>3</sup>

The Big Amalgamation of Showa was carried out to strengthen local autonomy. It meant, first, transferring functions previously performed by national or prefectural governments to municipal governments. The government concluded, however, that most of the existing municipalities were too small to conduct these activities both autonomously and efficiently. Amalgamation was considered as a necessary condition for decentralization. To realize this goal, the government not only enacted the promotion laws, but also established the Headquarters for Promoting Municipal Amalgamation at the cabinet level.

As in the Meiji Era, small towns and villages were the main objects of the government's amalgamation policy. While the Meiji amalgamation pursued a stronger state, the Showa amalgamation pursued more autonomous local government. In this sense, the two big amalgamations had opposite orientations. They nevertheless share an important objective. Both intended to enhance the administrative efficiency of the local government. In summary, the purpose of the two big amalgamations was to upgrade the general quality of public administration.

### *Amalgamations after 1961*

The Big Amalgamation of Showa came to an end in June 1961 when the 1956 law expired. This did not prevent the government from changing its basic policy, only the means of implementation changed. Thereafter, the government enacted promotion laws, one after another, that stimulated a municipality's concern for the expansion of its area. Amalgamations after 1961 were, however, different from previous efforts in one big respect. While almost all cases of amalgamation in the 1950s were combinations of small villages and towns into larger entities, most cases after 1961 were annexations by large cities of their neighboring villages and towns. Such a change reflected an alternation of the government's orientation in amalgamation—that is, from dissolution of petite villages and towns to an expansion of cities. The government extended application of the special measures to cities after 1962. To be precise, the 1962 law covered an amalgamation of two cities, excluding "designated cities," which were those with a population of one million or more such as Osaka, Yokohama, Kyoto, and Kobe. The 1965 law included an amalgamation of more than three cities, excluding designated cities. The 1975 law included an amalgamation of designated cities.

From 1961 to 1992, there are 231 cases of amalgamation. Approximately 80 percent of them are classified as an annexation.<sup>4</sup> A typical pattern is that a city with the pivotal function in a certain area as the location of prefectural offices or the central zone of economic activities merges peripheral towns and villages. About 75 percent of cases follow this pattern.

The main purpose of these city-centered amalgamations was to facilitate economic activities by making the administrative boundaries consistent with social and economic activities. An example that demonstrates the relationship between amalgamation and economic activities is transportation service. A private railroad company, normally operating across several municipalities centering on cities, has to apply to all related municipal governments for permission when it rebuilds the track. It is tremendously time-consuming for the company to follow the necessary procedures, because the respective municipalities operate on different standards. Amalgamation permits a decline in the heavy transaction costs that are otherwise borne by businesses.

The amalgamations after 1961 were more consciously proposed to pursue the high growth policy. In the 1960s, the national government created a legal framework and a variety of national and regional development programs to promote public finance and investment in new industrial sites, water resources, transportation, harbors, and industrial infrastructure. Municipal as well as prefectural governments joined these efforts for industrial investment. They sought to attract industry through enactment of local ordinances that provided corporate tax breaks and other incentives for industrial development. Furthermore, new national laws for regional development were established in the 1960s. In response to these national programs, local authorities compete with each other to receive designation by the national government as targeted areas for development. To be designated as targeted areas, leading cities in underdeveloped areas merged their outlying districts. In short, we can conclude that the amalgamations after 1961 were oriented toward economic development rather than administrative efficiency.

*Case of Kaname Village in the Big Amalgamation of Showa*

The political process of amalgamation of Kaname Village and Hiratsuka City in Kanagawa Prefecture (Yokoyama and others 1959) is a good illustration of the role of stakeholders, the differences in residents' positions regarding amalgamation, and the motive for amalgamation. (Details taken from Keiji Yokoyama and others, 1959.)

Kaname was a village in Naka County. Its population in 1955, immediately before the amalgamation, was almost 4,000. The labor force of about 2,000 persons was distributed among the three sectors: 62 percent in primary industry, 15 percent in secondary industry, and 23 percent in tertiary industry. While the primary sector accounted for the major fraction of economic activities in Kaname, its share of labor had been decreasing from a high of 67 percent in 1950. About 280 residents worked outside the village: 100 of these workers commuted to Hiratsuka City. Kaname Village was in the gradual process of urbanization.

The residents' lives were lived within the limit of the administrative boundary. In answer to the question, "where do you buy commodities?" in the questionnaire designed for the 1957 field research conducted by Yokoyama and others, almost all farmers replied either "agricultural cooperative association in their own village" or "shopping streets in their own village." More than half of the commuters replied "Hiratsuka City" to the same question, but their share of the population in Kaname remained marginal.

It was in 1954 that an amalgamation with neighboring municipalities became an issue in Kaname Village for the first time. Kanagawa Prefecture took an initiative for an extensive amalgamation in its area under the administrative guidance of the national government. Some residents in Kaname also advocated an amalgamation with neighboring municipalities. The negative attitude of the mayor and the majority of the assembly members to amalgamation, however, prevented serious discussion of the amalgamation issue in the assembly until late 1956. During these two years, other municipalities in Naka County, to which Kaname belonged, were combined, and Kaname was left alone.

Pro-amalgamation residents organized themselves as the Democratic League and advocated amalgamation with Hiratsuka City. Recognizing that the majority of the village assembly opposed the amalgamation, members of the league said they would divide the village so that only neighborhood communities [*Buraku*] of the village in favor of the amalgamation could join Hiratsuka City. They succeeded in mobilizing support in some neighborhood communities for their "divide and join policy," and presented a petition to the assembly in the

name of these neighborhood communities. In a resolution attached to their petition, they maintained the following:

Kaname Village was forsaken by our neighboring municipalities owing to self-opinionated attitude of some village authorities against the national high policy of amalgamation. Without paying attention to our isolated situation, they still insisted on being independent only to protect their invested interests. Although we had several meetings with the Mayor, Chairman and the assembly members and explained the necessity of the amalgamation with Hiratsuka City, they neglected our proposal. It became clear that our philosophy is completely different from theirs. After much consideration for a future of our village, we decide to separate our neighborhood communities from other part of the village and amalgamate with Hiratsuka City. (Yokoyama and others 1959, p. 64)

In opposition to the petition of the Democratic League, anti-amalgamation residents organized themselves as the Village Construction League and presented a petition to the assembly. In their petition, they blamed the Democratic League for mobilizing compulsory support from neighborhood communities and contriving to divide the village.

The village assembly was also split into the two groups. While seven assembly members were affiliated with the Democratic League, nine members, including the chairman, were affiliated with the Village Construction League. Six of seven democrats and six of nine constructionists were landed farmers, and there was no difference in social class between the assembly members of the two leagues. The difference was in their determination to continue farming. Most of the constructionists were full-time farmers and were proud of being so. In contrast, many of the democrats were part-time farmers, and one managed an inn and another planned to build an apartment house by converting his farmland to nonfarming use.

It is noteworthy that the difference in attitude toward amalgamation was not based on that of political partisanship. As shown in Table 3, there was not a significant difference in party support between the two leagues. While residents supporting the Japan Socialist Party were slightly more likely to be affiliated with the Democratic League than residents supporting Liberal Democratic Party, one of the most influential assembly constructionists was a socialist.

After receiving the two opposing petitions, the assembly, with majority constructionist membership, adopted the anti-amalgamation petition and rejected the pro-amalgamation petition in December 1956. This resolution of the assembly became the rationale of the constructionists against amalgamation with Hiratsuka City.

**Table 3: Party Support and Attitude toward Amalgamation (percent)**

<i>Party support</i>	<i>Attitude toward amalgamation</i>	
	<i>Democratic League</i>	<i>Village Construction League</i>
Liberal Democratic Party	39.0	32.2
Japan Socialist Party	42.7	25.4

*Source:* Yokoyama and others 1959, p. 70.

After this decision by the assembly, the Democratic League organized a campaign to distribute bills, collect signatures, and raise funds, which in turn induced the Village Construction League to conduct similar activities.

Since the Democratic League represented a minority in the assembly, it was more eager to develop its movement outside of the assembly. Its target was properly the commuters, who felt alienated from village politics. There were about 280 commuters in Kaname, and they were discontent with “agriculture-centered village policies.” They were organized mainly by one assembly democrat, who was elected with the support of the commuters, and was the only representative of the commuters in an assembly occupied by farmers. Doctors, teachers, and owners of small and medium-size enterprises aligned themselves with this camp. The Democratic League advocated reduction of local taxes, development of educational facilities, and the stabilization of part-time farmers’ livelihoods as material merits of amalgamation. The common purpose that gave coherence to people driven by a variety of motives was a desire to change the community power structure drastically through amalgamation, as shown in their slogans, such as “Let’s release the village people from undemocratic control by the ruling class or pretended democracy” and “Down with the bosses of Kaname.”

At the same time, the Village Construction League argued that amalgamation would harm their village through the diffusion of custom and the devastation of farmland. Proud of having taken a pivotal role in developing their village, constructionists were very concerned about the impact of amalgamation on their rural society. They said “Since Hiratsuka is a commercial city and Kaname is a farming village, the directions of developments are different from each other.” In contrast to the democrats, who were prepared to accept an ongoing urbanization of the village, constructionists felt uneasy about it. One of their slogans was “While Kaname is heaven, Hiratsuka is hell.”

In February of 1957, two months after the December resolution of the assembly, Kanagawa Prefecture conducted research in Kaname in order to put pressure on the assembly. After giving a series of hearings to individual neighborhood communities, in March the Kanagawa prefect made a recommendation that Kaname should be amalgamated with Hiratsuka.

The recommendation of the prefect gave a strong impetus to the Democratic League. It also forced the Village Construction League to revise their strategy, although they continued to insist on the legitimacy of the December resolution as the formal policy of the village. They began to maintain that the village should join with Hiratsuka City after it completed public works such as building a public library and a public health center, constructing fire-fighting facilities and a sewage system, repairing a primary school building, and so forth. In their opinion, the Kaname area would be put at a disadvantage in public investment after the amalgamation because it was as the minor partner. They thought they had to build necessary public utilities in advance. They changed their opinion from anti-amalgamation to conditional amalgamation, or “planned amalgamation,” to borrow their phrase. The mayor also altered his view and told to officials of Kanagawa Prefecture that he would make efforts to follow the prefect’s recommendation. Confrontation between the immediate and the conditional amalgamation policy continued until July 1957, when the Kanagawa prefect decided to mediate. He proposed to the mayor, chairman, and representatives of the two leagues that they entrust him with deciding a time for amalgamation and negotiating with Hiratsuka City, and obtained their agreement. He quickly decided that Kaname should join with Hiratsuka City in October 1957.

### **Selected Aspects of the Showa Amalgamation**

In contrast to the experience of municipalities, prefectures have rejected amalgamation successfully since 1888, when the local autonomy system was established. During this period, their borders have been unchanged.<sup>5</sup> This stability of the prefecture as an administrative district,

however, does not imply that a rearrangement of prefectural borders has not been discussed as a public issue. Before the end of the war, a prefecture government was not a local public body but a field agency of the national government. As a result of the postwar reform, it became a public body. Governors who had been national officials, dispatched from the national government, came to be elected directly by the residents.

After completion of the postwar reform, plans for reforming prefectures were repeatedly proposed. There were several types of plans. The most famous one was called *Doshu-sei*, which aimed at establishing “regions” along with abolishing prefectures. In this system, the governor of a region was to be appointed by the national government. This plan came under fire from almost all directions, because such a change was considered as dilution of the democratization process. Later, a revised version of *Doshu-sei* was proposed, in which the governor of a region was to be elected by the residents, not appointed by the national government. Bills based on this scheme were actually submitted to the Diet several times. But all these attempts failed, mainly because any version of *Doshu-sei*, or any kind of reform plan of prefectural system was, in the minds of many Japanese, associated with an appointed governor, a symbol of retro gradation of democratization. The chain of such associations was so strong that all the attempts at prefectural reform failed. Compared with the stability of prefectural borders, the dynamic change in the municipal borders is remarkable.

Second, while the alleged merits of amalgamation—such as efficiency and economy—are perceived indirectly and realized long after its implementation, its demerits are felt directly and realized instantly. Some residents of a village may oppose amalgamation with its neighboring bigger municipality for fear they will be treated as second-class citizen. Others may oppose it because a new city hall might be located in a inconvenient place for them. Still others may oppose amalgamation because they fear disappearance of their town name, which they have been attached to for a long time.

Third, focusing on the Showa Amalgamation, we can say that it was much more difficult than the amalgamation after 1961. While in the latter case changing social and economic conditions came first, and reexamination of administrative borders second, in the former case, reexamination of administrative borders preceded changes in social and economic conditions. In the 1950s, most residents of small municipalities that were thought to be candidates for amalgamation were farmers. Most farmers came to hold their farmlands through the sweeping redistribution of land of the land reforms of 1946 (about 90 percent of cultivated land was owned by its cultivator). They also benefited from postwar food shortages, high prices, a black market in rice, and general inflation. There was an affluent farming population at the time, and residents of small municipalities could make a comfortable living entirely by farming, and they did not have to go out for work. Their lives were complete within their own communities. The residents of the 1950s saw no necessity to change their administrative borders. Therefore, the national government had to take a pivotal role in the Showa Amalgamation, although they emphasized the voluntary participation of municipalities. It was nothing but “amalgamation from above.” As a result, there were political struggles over amalgamations in some municipalities.

In contrast, the amalgamation after 1961 can be characterized as “amalgamation from below.” Figure 1 shows the movement of commuters between the center and the periphery from the point of the later side, immediately before the two are amalgamated. In this figure, the periphery is defined as an absorbed municipality in an annexation or a smaller municipality in a combination, while the center is an absorbing city or a larger municipality. When the rate of outflow (or inflow) is higher than the national average, outflow (or inflow) is categorized as

"high." In 71 peripheries, both of the outflow and the inflow are categorized as "high." In 167 peripheries, outflow is "high." This reveals that socioeconomic borders had already been diluted before the administrative boundaries were changed by amalgamation.

Most amalgamations after 1961, therefore, could be done voluntarily by municipalities. More than 90 percent of amalgamations were advocated by mayors, members of municipal assemblies, residents, and local economic organizations. The role of the prefecture was minimal.

**Figure 1: Movements Between Periphery and Center in Post-1961 Amalgamations**

		Outflows (Periphery to center)	
		High	Low
Inflows (Center to periphery)	High	71(23.3%)	2(0.7%)
	Low	167(57.2%)	52(17.8%)

### *National Leadership*

One reason why the Showa amalgamation could be carried out more or less as planned was because of strong national leadership of the initiative. The national government pursued extensive amalgamation, using a population of 8,000 residents as a target for its amalgamation policy. Since more than 60 percent of municipalities held a population of fewer than 5,000 residents in those days, realizing the target required a systematic approach. It made full use of prefectural governments. Each prefectural government was expected to establish a Council of Promotion for Municipal Amalgamation and to formulate an amalgamation plan and submit it to the national government. This plan included a numerical target of municipalities to be encompassed in its territory. Prefectures recommended that related municipalities to follow the plan, and the national government monitored the performance of each prefecture (Miyazawa 1955). Although the extent to which the plans were realized varied from prefecture to prefecture, the overall success rate grew to around 80 percent in October 1955. This suggests that national and prefectural leadership was very effective on the whole (Shibata 1975).

### *Special Measures*

Some special political and financial measures also helped to make the amalgamations palatable to various municipalities. For example, several political measures were introduced to make exceptions to the rules governing municipal assemblies. The most important was related to adjustment of the number of the assembly seats. According to the provision in the Local Autonomy Law, the number of the local assembly seats is set in accordance with its population, as shown in Table 4. Suppose the rule is applied literally. The number of the assembly seats after amalgamation would then be fewer than the sum of the seats of the assemblies before amalgamation. Such a reduction of seats would necessarily lead to rearrangement of electoral districts. Some incumbent members would be forced to reorganize their constituents and others would lose their seats in the new assembly. This provision of the Local Autonomy Law gives incumbent members of the municipal assembly a disincentive to amalgamation. In order to

remove it, the special measures allowed the amalgamated municipality to organize its electoral districts in a manner that would not put the incumbent members in an unfavorable position. And at the first election following the amalgamation, the number of the seats could be set so that it did not exceed twice the number allowed in the law.

**Table 4: Seats of Local Assembly**

<i>Population</i>	<i>Seats</i>
Under 2,000	12
2,000-4,999	16
5,000-9,999	22
10,000-19,999	26
20,000-49,999	30
50,000-149,999	36
150,00-199,999	40
200,000-299,999	44
Over 300,000	48

*Note:* For a city with a population from 300,000 to 499,999, 4 seats are added for every increase of 100,000. For a city with a population of more than 500,000, 4 seats are added for every increase of 20,000. The maximum is 100 seats.

Among financial incentives for amalgamation, one might note certain adjustments in the application of the Local Allocation Tax to amalgamated municipalities. This is a revenue-sharing system in which a portion of nationally collected taxes is transferred automatically to prefectural and municipal governments. It is a method of adjusting imbalances in tax resources among local governments in order to maintain government services at a certain level in all localities. The amount of local allocation tax to be distributed to each municipal government is decided according to a formula which tends to favor small localities on a per capita basis. The amount of local allocation tax granted to a new amalgamated municipality would usually be less than the sum of the amounts granted to the component municipalities before amalgamation. This constitutes a disincentive to amalgamation. Special measures were devised to modify several factors in the local allocation tax formula so as to remove this “amalgamation penalty”.

Other financial incentives were related to the issuance of local bonds. Local governments are eligible to borrow money over a long period in order to raise funds. Since bonds could become a heavy burden for a local government's budget, however, their issuance is under the strict control of the national government. It considered issuance of bonds in such exceptional cases as the construction of facilities that could yield profits later and recovery from natural disasters (see Akizuki 1995). An amalgamated municipality, however, has to do additional work, such as construction of public facilities and a new municipal hall. To support these tasks, the national government declared that it would give "special consideration" to giving permission for bond issuance by newly amalgamated municipalities.

### *Domino-Like Diffusion*

Amalgamations were also facilitated by the use of selection procedures which spread the practice in stages from large cities to suburban areas to outlying rural areas. Hyogo Prefecture provides an illustration of this effect. At the early stages, amalgamations were done in and around the two big cities of Kobe and Himeji which lay in this prefecture. During the next stage, municipalities in suburban areas joined each other. During the last stage, amalgamations were done in rural areas. Care was taken to ensure that amalgamations took place as far as possible in geographically contiguous areas. They rarely took effect in a geographically isolated place, except in the final stage. Thus a sort of concentric pattern of amalgamations was followed.

There was a logic to this pattern. First, there had been municipalities that wished to amalgamate with neighbors for their own reasons, before the national government began to pursue the amalgamation policy. Kobe and Himeji wanted to enlarge their area by annexing neighboring towns and villages. Some towns that had taken a central position in its region, but had faced a decline caused by changing economic conditions, chose an amalgamation as a solution to the problem. Such municipalities would have annexed their neighbors in advance of national promotion laws.

Second, the practice of big cities of sounding-out their neighbors on the matter gave amalgamation the status of a public agenda item in suburban municipalities. They began to examine the possibility of amalgamation. When it was realized, the result had the effect of prompting other municipalities to explore their possibilities. When it was not realized mainly because a city withdrew the proposal, its neighboring village or town sometimes continued to look for another partner for amalgamation. Even when a village rejected the proposal and chose to be independent, at least for a while, amalgamation would not completely disappear as an issue. In such a case, pro-amalgamation residents retained a certain degree of influence over the issue. If other near-by municipalities succeeded in joining a city, they had much greater enthusiasm for amalgamation. In sum, activities on behalf of amalgamations in urban areas, regardless of their consequences, stimulated suburban municipalities. Cities close to Kobe and Himeji in Hyogo Prefecture were created from 1951 to 1954 under those circumstances.

Third, activities for amalgamations in suburban areas stimulated thought about the issue in rural municipalities. When a suburban municipality was annexed by a big city, the result made rural municipalities in the outer circle of the concentric circles feel isolated. When a suburban municipality was rejected by a big city and continued efforts to look for another partner, such efforts inspired neighboring rural municipalities to revise their administrative borders. It was in such circumstances that towns in the middle part of Hyogo were born around 1955.

Fourth, once gaining force, the movement toward amalgamation put pressure on municipalities that had resolutely opposed it. Almost all municipalities began to think they could not miss the bus. Suppose a village with a population of less than 8,000 had to amalgamate in the long run. In this case, it would favor the more affluent neighbor. But it was inevitable that a wealthy municipality was approached by many. If they hesitated, the village might miss the best partner. Certainly, later it may be able to join a new town that had already been formed by other villages. In this case, however, it would not have sufficient influence over public decisions in the town because it was a newcomer. In order to avoid this, the village should make a positive judgment on the matter early.

National and prefectural governments seemed to follow a strategy of opening an attack on municipalities with less resistance against amalgamation. Direct evidence for this consciousness

is, and is likely to remain, exiguous. But it was certain that they elaborated and implemented devices to advance—or at least not to break—chain reactions of amalgamation that started spontaneously in urban areas. The point was to exploit circumstances that made municipalities reluctant to fall behind in the march of municipal amalgamation.

### **Amalgamation and Efficiency**

The requirement for efficiency demands a municipality of larger size. At the same time, smaller municipalities would seem to be better placed to meet the requirement for local democracy and responsiveness to local residents. Thus, a sort of tradeoff might exist between the efficiency and democracy aspects of amalgamations. It is instructive to investigate the extent to which amalgamations in Japan have affected municipal efficiency and aspects of local democracy.

It is widely accepted that amalgamation will increase the efficiency of local government. Effects are sometimes visible. Duplications of public facilities can be eliminated. The number of local councilors and public servants will be decreased. Nevertheless, it is not easy to analyze empirically the causal relationship between the scale of municipalities and the efficiency in their provision of local government services. First, every new municipality spends a large amount of money on the overhaul of government activities. As a result, par capita municipal total expenditure tends to shoot up immediately after amalgamation. It is almost impossible to measure the actual effects of amalgamation in a short term. Measuring it over a longer term confronts the same difficulty—to distinguish actual effects of amalgamation from other factors that result from changing the surroundings of local governments and increasing the duties of local governments during the term examined.

An alternative to time series analysis is to examine the relationship between municipality sizes and efficiency levels in the cross-section, that is, at a given point in time. Masayoshi Hayashi (1995) examined the correlation between per capita local expenditure and population to see if an optimal size for localities can be determined. His working hypothesis was that the cost curve would decline to a certain point in size, and then start to rise after hitting bottom at the optimal size. He analyzed the budgets and populations of 3,259 municipalities in 1991. Twenty-three special wards of Tokyo were included. He did find an approximate U-shaped relationship confirming the notion of increasing efficiency up to a certain municipality size and declining efficiency beyond this size. His data suggest that the minimum value of per capita total expenditure is ¥289,657, and the corresponding optimal population is 115,109 persons. Given that the bulk of Japanese municipalities are smaller than this “optimal” size, we may conclude that there is much room for municipal amalgamation. At the same time, we may conclude that past amalgamations helped to increase administrative efficiency.

### **Amalgamation and Democracy**

While the positive effect of amalgamation on administrative efficiency is widely accepted, it is also generally believed that there is a negative effect on democracy.

It is argued that the amalgamation will result in the loss of residents' identity, the destruction of community relationships, and a decline of democratic control over municipal government. The smaller the size of a political unit, the higher the ability of residents to influence public policy. The influence of a resident in a village of 5,000 is likely to be 10 times as strong as that of a resident in a city of 50,000. According to this simple formula,

amalgamation will weaken democratic control by the residents over public affairs. An argument of this kind was often made by parties opposing amalgamation.

This can be true as long as the residents live atomistically in their community. Such a premise, however, could not be verified, at least in the rural areas of the 1950s. We have to remember the members and the slogan of the pro-amalgamation group in Kaname Village as discussed earlier. The Democratic League, consisting of members of the new middle class, such as commuters, doctors, and teachers who supported the amalgamation insisted that it would break the traditional community power structure that had been controlled by "village bosses." In many other villages, advocates of amalgamation justified it as a driving force for political democratization.

All of this amounts to saying that theoretically, amalgamation can serve to prevent as well as to promote democratization, at least in rural areas. We will now examine the relationship between amalgamation and democracy from three different angles.

### *The Case of Kameoka City*

First, we will examine a case of Kameoka City in Kyoto Prefecture, which Yasuhiko Shima (1958) researched. Kameoka Village and its eight neighboring municipalities in Kyoto Prefecture were united into Kameoka City in 1954. As Table 5 shows, while the number of the assembly seats of the 9 municipalities before amalgamation totaled 128, there were only 24 in new Kameoka City. This decreased number of seats made it impossible for each neighborhood community to send its representative to the local assembly. As a result, the share of agriculture decreased from 76.6 percent to 58.3 percent, in contrast to an increasing share for doctors and producers. The changing structure of the local assembly suggests that the amalgamation had a significant impact on the community power structure. This was not limited to the Kameoka case. Compared with pre-amalgamation assemblies, as Masaru Nishio (1979) pointed out, post-amalgamation assemblies included fewer farmers.

**Table 5. Structures of Assemblies (number and percent)**

<i>Profession</i>	<i>Nine Municipalities</i>	<i>Kameoka City</i>
Agriculture	98(76.6%)	14(58.3%)
Commerce	10(7.8%)	0(0.0%)
Construction	5(3.9%)	0(0.0%)
Producer	3(2.3%)	3(12.5%)
Restaurant	3(2.3%)	1(4.2%)
Doctor	2(1.65)	3(12.5%)
Executive	1(0.8%)	0(0.0%)
Salaried worker	1(0.8)	0(0.0%)
Civil servant	1(0.8)	1(4.2%)
Unemployed	4(3.1%)	2(8.3%)
<b>Total</b>	<b>128(100.0%)</b>	<b>24(100.0%)</b>

*Source:* Shima and others 1958, p. 236.

### *Amalgamation and Elections*

Second, we would like to examine the relationship between amalgamation and the voting behavior of residents by processing aggregate data. Here we measure the degree of democratization with two yardsticks: voting turnout and the party competition in individual municipalities. There is fairly general agreement that the party competition is treated as a measure of democratization. How about voting turnout? First of all, a higher turnout does not always mean a greater degree of democratization. Residents go to the polls only because they are mobilized by the government, the power elite, or the village bosses. But what I would like to examine is the following argument: Amalgamation has a negative effect on democracy because residents tend to feel alienated from politics after amalgamation and to keep away from elections. If voting turnout after amalgamation remain as high as those before amalgamation, one must conclude that amalgamation does not always deprive residents of their interest in politics.

We used results of the election for the House of Representatives in 1963. In order to compare these results with the amalgamation experience of the individual municipalities, we categorized towns into six categories, from “no amalgamation” to “more than six.” Adding “only annexation,” we have seven kinds of municipalities. In this typology, for example “three municipalities” is a municipality that was formed by three elemental municipalities that have united during the period of the Big Amalgamation of Showa. While “only annexation” is a municipality that was absorbed, “two municipalities” is a municipality formed by the combination of two municipalities. In the types from “three municipalities” to “more than six,” annexation and combination are not distinguished.

Given that amalgamation has a negative impact on democracy, as conventional wisdom dictates, a municipality composed of a larger number of elemental municipalities should have a lower turnout and weaker competition of political parties in an election. Otherwise, the authenticity of the conventional wisdom is doubtful.

Since we have more than 3,000 municipalities, we decided to choose samples in two ways. First, we selected four prefectures that are representative in the reduction rate of municipalities (Chiba, Nara, Okayama, and Yamaguchi) and examined all of their 190 towns. The result is shown in Table 6. Second, we selected every tenth town from all prefectures, a sample of 218 towns. The result is shown in Table 7.

In the case of the four prefectures, as Table 6 indicates, the votes of a major party, the Liberal Democratic Party, in most municipalities fall slightly, and the votes of a second party, the Japan Socialist Party, rises slightly in most municipalities. It follows that competition between the two parties becomes stronger in proportion to the number of elemental municipalities. Voting turnout is steady, at approximately 80 percent.

**Table 6: Amalgamation and Elections: Four Prefectures**

<i>Type</i>	<i>Votes of major party</i>	<i>Votes of second party</i>	<i>Party competition</i>	<i>Turnout</i>
No amalgamation	0.69	0.22	0.32	0.76
Only annexation	0.72	0.19	0.27	0.80
Two municipalities	0.72	0.20	0.28	0.79
Three municipalities	0.69	0.21	0.31	0.79
Four municipalities	0.71	0.19	0.27	0.80
Five municipalities	0.65	0.23	0.35	0.80
More than six	0.60	0.29	0.48	0.79

*Source:* MoHA 1963.

The result of the analysis based on random sampling is not so striking. In table 7, party competition becomes weaker in proportion to the number of elements. It must be noted, however, that voting turnout rises very slightly. All of this evidence seems to argue against the conventional wisdom.

**Table 7: Amalgamation and Elections: Random**

<i>Type</i>	<i>Votes of major party</i>	<i>Votes of second party</i>	<i>Party competition</i>	<i>Turnout</i>
No amalgamation	0.61	0.27	0.44	0.76
Only annexation	0.59	0.27	0.45	0.79
Two municipalities	0.66	0.22	0.33	0.79
Three municipalities	0.67	0.21	0.31	0.80
Four municipalities	0.68	0.23	0.34	0.81
Five municipalities	0.70	0.21	0.30	0.79
More than six	0.67	0.25	0.37	0.83

*Source:* MoHA 1963.

#### *Amalgamation and Progressive Cities*

The early 1970s witnessed rising strength of the Left at the local level (MacDougall 1975). Governors supported by the Japan Socialist Party and/or the Japan Communist Party were elected or reelected in Tokyo, Osaka, and Kyoto during 1971. Other “progressive” governors were elected in Okinawa, Okayama, and Saitama Prefectures during 1972. Similar developments were seen in the 1960s at the municipal level. During 1963, progressive mayors were elected in 82 cities, including 4 designated cities (Yokohama, Kyoto, Osaka, and Kitakyusyu). The number of cities governed by progressive mayors rose to a peak of 131 in 1973, equivalent to one-third of all cities.

Table 8 presents a distribution of progressive cities between cities created during the Big Amalgamation of Showa and cities that predate it. We counted cities with mayors affiliated with

the National Conference of Progressive Mayors (1990) as progressive cities. Twenty-six percent of new cities and 36 percent of old cities had progressive mayors. While the share of new cities is lower than that of old cities, it is important to recall that the emergence of progressive localities was a metropolitan phenomenon. Grassroots protests against new urban problems—such as pollution-related diseases, traffic congestion, and uncontrolled urban sprawl—served as the backdrop. Keeping this in mind, it is impressive that more than half of progressive mayors emerged in new cities and that the populations of these cities were, without exception, less than 100,000. It seems that amalgamation in the 1950s undermined the existing conservative power structure and offered the political foundation for the growth of opposition parties in relatively small cities in the 1970s.

**Table 8: Amalgamation and Progressive Cities**

<i>Type</i>	<i>Cities</i>	<i>Progressive cities</i>	<i>Share</i>
New cities	286	73	0.26
Old cities	272	97	0.36

The three groups of evidence cited show that amalgamation has a rather positive impact on the democratization of municipal politics, or at least it is democracy-neutral. It is a mistake to think that amalgamation always weakens democratic control of the residents over public affairs.

### Looking Ahead

Since 1961, when the Showa amalgamation was completed, the discrepancy in the size of municipalities has been enlarged. The share of municipalities with fewer than 10,000 residents increased from 50 percent in 1960 to 60 percent in 1995, and the share of municipalities of fewer than 5,000 residents increased from 10 to 25 percent during the same period. This means that tiny villages remain, in spite of the amalgamations after 1961.

There are at least two reasons for this. First, the remaining tiny villages did not become candidates for annexation by cities because they were located far from cities or had difficulty realizing their potential to contribute to regional economic development. Second, cities recently turned against amalgamation. Research conducted by the Osaka Urban Research Institute in 1989 is helpful in describing their position. In response to the question, “have you investigated the possibility of amalgamation in ten years?,” 72 percent of big cities replied “no” (Osaka Urban Research Institute 1991). To a question “do you think amalgamation deserves carrying out?,” 64 percent replied “no.” (Osaka Urban Research Institute 1991). Amalgamation is a method of integrating administration of a larger region. There are several other methods of achieving this, such as establishing cooperatives for partial mutual administration, entrusting business, forming inter-municipal committees, and so forth. According to the research mentioned above, big cities make full use of such methods to deal with problems beyond their administrative boundaries. They prefer to create networks with their neighboring municipalities to absorbing them, mainly because they know amalgamation causes great friction among the parties involved.

Tiny villages are now confronted with a greater problem of an aging society than cities because younger people born and educated in the small villages move to the cities for additional education and jobs. On one hand, an increasing number of the aged produces greater demand for social welfare services; on the other hand, a decreasing number of young people generates less

revenue. Since social welfare services are maintained through face-to-face activities of caseworkers, the shortage of manpower also becomes serious. Recently the necessity of amalgamation has been examined in the context of how to obtain the financial and human resources necessary to maintain a given level of social welfare.

Promotion of local autonomy remains the rationale for amalgamation. The Promotion Committee for Local Autonomy proposed, in the second report of July 1997, the introduction of additional measures to promote amalgamation. The report notes that prefectural government should give advice and offer coordination for the promotion of amalgamation by “presenting typical patterns of amalgamation and introducing successful cases.” It also maintains that the national government should make more generous adjustments for amalgamated municipalities in the application of the Local Allocation Tax. Moreover, it suggests that the national government devise schemes that will enable representatives of elemental municipalities to participate in the executive office of the amalgamated municipality. By promoting municipal amalgamation, the committee intends to devolve administrative activities to municipal government. We may see a fourth wave of municipal amalgamation before long.

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## Notes

<sup>1</sup> Today, the name of an old village sometimes remains as a section name (Aza or Ooaza) in rural areas.

<sup>2</sup> The reason a junior high school was used as a guide for judging a suitable size of municipalities was as follows: In a junior high school, nine subjects, such as math and science, are taught in Japan. If two teachers take charge of teaching each subject in the smallest school, there must be 18 teachers. When he or she works as a classroom teacher, there are 18 classes in the smallest schools. Suppose each class consists of 50 students; the smallest school has 900 students. If about 10 percent of the population is attending junior high school, a municipality with 900 students has a population of 9,000 residents.

Thus, the smallest municipality has a to have a population of 9,000.

<sup>3</sup> Among them, six cases were amalgamations crossing prefectural borders. Villages were merged by neighboring municipalities located in other prefectures that had stronger social and economic relations with each other (*Handbook of Amalgamation*, p.42).

<sup>4</sup> More than 90 percent (213 cases) were completed until 1974.

<sup>5</sup> An exception is Okinawa. It was administered by the American military from 1945 to 1972, when it was returned to Japan.