

# Decentralization Reform and New Trends in Local Governance in Japan: Neoliberalization and Democratization of a Developmental State

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## Introduction

This article provides an overview of decentralization reform, the changing aspects of local governments, and new trends in local governance in Japan from the 1990s onward. In Japan, the policies of decentralization and devolution of state power have been pushed forward since the 1990s. At the same time, the policy of promoting local governmental mergers, called “*Heisei* municipal mergers,” was strongly pushed for by the central government. This series of policies by the central government moved toward the goal of a “small (central) government” and were carried out as a part of the neoliberal policy of “Structural Reform” (*kozo kaikaku*) of the state.

On the other hand, a number of civil society organizations (CSOs)—for example, voluntary associations, non-profit organizations (NPOs), and non-governmental organizations (NGOs)—appeared on the stage in the 1990s to assume the role of public service providers in certain fields. In a policy environment moving toward decentralization and devolution of state power, these CSOs began providing a portion of public services that had previously been provided exclusively by local governments. Throughout the postwar era, Japanese local governments had acted as the primary suppliers of public services. However, since the 1990s, the CSOs have started participating with local governments in new cooperative systems for the provision of public services.

This article first outlines the policies of decentralization and devolution of state power in Japan, and the promotion of the *Heisei* municipal mergers. Next, it provides an overview of the flourishing of voluntary associations, NPOs, and NGOs, the

emergence of a new system of local governance, and the environment leading to these changes. Then, the article looks at examples of new systems of local governance in three rural areas that experienced the local government mergers under the policy of *Heisei* municipal mergers. Lastly, the article explores several agenda items for further research. Since the late 1990s, many regional and community sociologists have examined experientially how Japanese local communities have responded to the policies of decentralization and *Heisei* municipal mergers. This article argues that one of the most important issues for further research is to evaluate the results of these policies from a critical point of view.

## Decentralization Reform and New Trends in Local Governance

### Decentralization Reform

In 1993 the Liberal Democratic Party (LDP), which had held power in the central government for close to 40 years, lost power and an anti-LDP coalition led by Morihiro Hosokawa established a new government. Hosokawa, who had been the governor of Kumamoto Prefecture and was the first prime minister to have experience as a prefectural governor, was enthralled with the idea of decentralization. Just before the establishment of the Hosokawa government, both the lower and upper houses of the Diet had passed “Resolution Concerning the Promotion of Decentralization.” Decentralization reform was viewed as a means of breaking up the enormous controlling power of the national governmental bureaucracy. Transferring greater control to local governments was enabled by the establishment of the anti-LDP stance of the Hosokawa government, even though his government was short lived. The cabinet of the next government under Tomiichi Murayama, who had also been a local politician as a prefectural and municipal assembly member, did not change course from the previous cabinet’s policy of promoting decentralization. Under the Murayama administration, the 1995 Law for the Promotion of Decentralization came into effect and the Committee for the Promotion of Decentralization (*chiho bunken suishin*

*iinnkai*) was established. This committee made five admonishments and pressed the central government to implement decentralization. A 1999 Package Bill on the Promotion of Decentralization was passed on the basis of these admonishments and implementation began in April 2000 (see Table 1).

Table 1: Decentralization in Japan, 1993-2003

Year	
1993	“Resolution Concerning the Promotion of Decentralization” in both the lower and upper house
	Collapse of the LDP regime and birth of Hosokawa’s non-LDP coalition government
1994	Report of “Promotion of Decentralization” by the 24th Local Government System Research Council ( <i>chiho seido chosakai</i> )
	Formulation of “Broad Outline for the Promotion of Decentralization” ( <i>chiho bunken suishin taiko</i> )
1995	Revision of Special Law on the Merger of Municipalities
	Establishment of the Act for the Promotion of Decentralization
	Establishment of the Committee for the Promotion of Decentralization ( <i>chiho bunken suishin iinkai</i> )
1996	The 1st Admonishment by the Committee for the Promotion of Decentralization
1998	The 5th Admonishment by the Committee for the Promotion of Decentralization
1999	Establishment of Package Bill on the Promotion of Decentralization
	Revision of Special Law on the Merger of Municipalities and the start of <i>Heisei</i> municipal mergers
2001	Establishment of the Ministry of Public Management, Home Affairs, Posts and Telecommunications
	Establishment of the Koizumi government and the start of “Structural Reforms” ( <i>kozo kaikaku</i> )
	Final recommendation by the Committee for the Promotion of Decentralization
2002	Start of the “Trinity Reform” ( <i>sanmi ittai kaikaku</i> ) by the Koizumi government

	Private report, “The Future of Municipal Government” ( <i>Nishio shian</i> ), issued by Masaru Nishio, a vice president of the committee of experts at the Local Government System Research Council
2003	The report, “The Future of the Local Government System,” issued by the 27th Local Government System Research Council

Source: Compiled by the author with reference to Tamano (2007).

Most Japanese researchers of public administration cite the elimination of administrative functions imposed upon regional governments (prefectures) and local governments (municipalities of city, town, and village) by the central government as the most important achievement of this series of decentralization reforms. In the postwar relationship between the central government and regional/local governments in Japan, the regional and local governments were organized as bodies subordinate to the central government and were compelled to undertake administrative tasks and services on behalf of the central government. In the Constitution and the Local Autonomy Act established after the Second World War, regional and local governments were established as a system in which the head of the government and assembly members were elected by citizens. However, in reality, regional and local governments were tightly controlled by the bureaucracy of the central government through the custom of “imposition of administrative functions” (*kikan inin jimū*). With the decentralization reform in the 1990s, this sort of imposition of administrative functions was abolished and the hierarchical relationship between the central government and regional and local governments disappeared (Soga 2013: 254-6).

These reforms did not affect the fiscal relationship between the central government and regional and local governments. For example, the central government’s subsidies and system for financing regional and local governments continued even with decentralization. However, Junichiro Koizumi, who became prime minister in 2001, did things differently. In order to reduce the huge debts of both the central government and regional and local governments, Koizumi carried out “Structural Reforms” (*kozo kaikaku*) with the aim of achieving a smaller (central) government under the slogan of

“Structural Reform with No Sacred Cows” (*seiiki naki kozo kaikaku*). These neoliberal reforms of the state apparatus included the curtailment of subsidies to local governments. In 2002, Koizumi began the “Trinity Reform” (*sanmi ittai kaikaku*) to lower subsidies, reduce local government tax grants, and shift sources of tax revenue.

As seen above, decentralization reform was advanced in the last half of the 1990s and the first half of 2000s in Japan. Some political scientists have pointed out that these reforms of the state apparatus occurred against a backdrop of changing socioeconomic circumstances due to the globalization of Japanese economy and companies. With the sudden appreciation of the Japanese yen from the mid-1980s onward and the intensification of inter-business competition amid the longer term economic downturn of the 1990s, major Japanese companies, especially manufacturing companies that previously led the growth of the Japanese economy in the era of high economic growth between the 1960s to 1980s, pushed forward the global deployment of their production and management. Under these new economic circumstances, many employers’ associations in the Japanese business community began demanding a reduction in tax burden and the central government reforms to achieve an inexpensive “small government.” They insisted that devolution of state power from the central government to the local governments was necessary in order to reduce the range of central government activities and achieve cost savings. For this reason, the Japanese business community demanded decentralization reform as part of the neoliberal systemic reforms of the state (Kamo 2003; Shindo 2003).

### *Heisei* municipal mergers

Decentralization reform in the central government required local governments to have the administrative and fiscal ability to provide public services independently. Because of this, the central government promoted a policy of merging local governments from the late 1990s through the 2000s. A boom in local governmental mergers resulted from this policy, which were called “*Heisei* municipal mergers” (*Heisei no daigappai*).

Japan’s system of local government since the birth of the modern state in the 19th

century has consisted of two tiers: broader administrative divisions at the regional scale (such as prefectures and major cities) and foundational municipalities at the local scale (such as cities, towns, and villages). Between these two levels, the regional administrative divisions have not been reorganized or merged since the end of 19th century, but reorganization of the municipalities was carried out countrywide in the 1880s and again in the 1950s. When the Meiji government organized the modern system of local government in the 1880s, it carried out mergers of rural villages that had served as the unit of governing for the Tokugawa Shogunate. The number of villages, which had numbered approximately 70,000, decreased to roughly 15,000. This event is now called the “*Meiji municipal mergers*” (*Meiji no daigappei*). Seventy years later, after the Second World War, the authorities in charge of the occupation of Japan reduced the central government’s power to control municipal governments, through the establishment of the new Constitution and the Local Autonomy Act. The occupying powers also demanded that municipal governments be able to operate independently. The central government developed a policy for the merging of municipal governments, resulting in a decrease in the number of municipal governments to approximately 4,000. This phase of municipal consolidation is known as the “*Showa municipal mergers*” (*Showa no daigappei*). The *Heisei* municipal mergers represent the third boom for municipal mergers in modern Japan (see Table 2).

Table 2: The number of municipality in Japan, 1888-2010

Year	City	Town	Village	Total	
1888		71,314		71,314	<i>Meiji municipal mergers</i>
1889	39	15,820		15,859	
1947	210	1,784	8,511	10,505	
1953	286	1,966	7,616	9,868	<i>Showa municipal mergers</i>
1956	498	1,903	1,574	3,975	
1965	560	2,005	827	3,392	
1995	663	1,994	577	3,234	

1999	671	1,990	568	3,229	<i>Heisei</i> municipal mergers
2002	675	1,981	562	3,218	
2004	695	1,872	533	3,100	
2005	739	1,317	339	2,395	
2006	777	846	198	1,821	
2010	786	757	184	1,727	

Source: Created by the author using data from a Ministry of Internal Affairs and Communication document

Prior to the 1990s, the central government was not enthusiastic about municipal mergers. Instead, an option existed for introducing a system of cooperation between local governments for different administrative operations. The central government encouraged this option for local governments. However, when the decentralization reform started, the central government began to demand preparations for local governments to receive decentralized power and converted to a policy of promoting mergers (Imai 2008).

In 1999, the central government revised the Special Law on the Merger of Municipalities, established the “Special Local Bond for Municipal Merger” (*gappei tokurei sai*) for the advancement of local government mergers, and set up a preferential system for its financing. As pointed out above, the “Trinity Reform,” started at the establishment of the Koizumi administration, broadly reduced fiscal support from the central government to local governments. Due to this reform, many small municipal governments with limited financial capabilities became unable to maintain independent governance. This resulted in the merging of many municipalities by 2010, the year in which the Special Law on the Merger of Municipalities expired, with the number of municipalities decreasing by nearly half. Through the *Heisei* municipal mergers, the average size of foundational municipalities became drastically larger. The average population of Japanese municipalities became one of the largest in the world (Soga

2013: 258)<sup>1</sup>.

Many Japanese researchers of public administration and public finance have given attention to the *Heisei* municipal mergers. Some regional and community sociologists have also carried out research with a focus on changes in the relationship between local government and local community. Some of the areas of focus by researchers include the mergers of small municipal governments (e.g. Hisaoka et al. 2002; Yoshino 2009, 2013; Aoki and Tamura, eds. 2010; Tsukiyama 2013), anti-merger resident movements (e.g. Maruyama 2005; Shindo 2008), and the activities of local communities opposing the national policy of merger promotion (e.g. Miyashita 2008; Ajisaka 2011). Research has also been conducted to try to understand the *Heisei* municipal mergers from the perspective of the “state rescaling” debate (e.g. Machimura 2004, 2013; Maruyama 2012a, 2015).

### New Trends in Local Governance

The 1990s saw not only the decentralization reform that transferred authority from the central government to the local governments, but also the appearance of new trends in local governance. While the provision of public services and decision making in local communities was primarily the domain of local governments and assemblies before the 1990s, their functions are now provided as part of a cooperative system with responsibilities shared by CSOs, private companies, and local governments.<sup>2</sup>

The Great Hanshin-Awaji Earthquake struck Kobe in January 1995 and was one of the most damaging disasters since the end of the Second World War. Many volunteers participated in relief efforts for victims of the earthquake. Before the earthquake, some researchers had focused on the activities of voluntary associations, NPOs, and NGOs.

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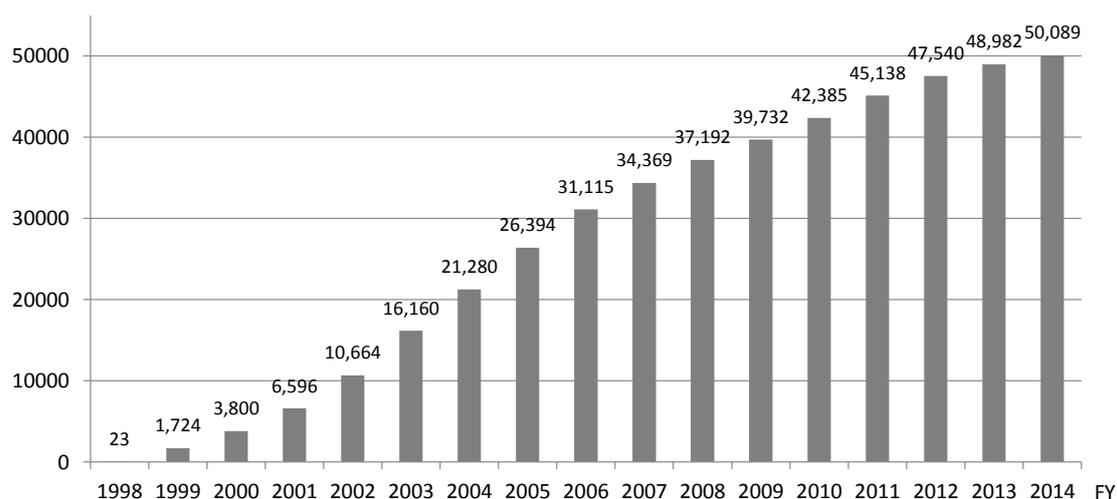
<sup>1</sup> For detail of the political process and a fuller picture of the *Heisei* municipal mergers, see Imai (2008), Aoki and Tamura, eds. (2010), and Koeki Zaidan Hojin Goto Yasuda Kinen Tokyo Toshi Kenkyujo, ed. (2013).

<sup>2</sup> Yoshihiko Nawata, a researcher of public law, points out that local society requires two functions—public service provision and public decision making—by reference to Max Weber’s debate on “*Gebietsverband*” (area association) (Nawata, ed. 2009: chapter 1). These are seen as necessary functions constituting local governance. In this article, the concept of “local governance” is used to include both functions.

However, for many people, the earthquake was their first opportunity to witness the abilities of CSOs to assume a significant portion of public services in place of the government.

The Great Hanshin-Awaji Earthquake also became an opportunity for the enactment of the 1998 Act to Promote Specified Non-profit Activities under which volunteer associations, NPOs, and NGOs were able to obtain corporate status. A specific tax benefit was established for these organization. Legally certificated NPOs have been increasing each year, with there being more than 50,000 corporate NPO entities as of 2014 (see Figure 1).

Figure 1: The number of legally certificated NPOs in Japan



Source: Created by the author using data from the Cabinet Office’s website

Decentralization reform requires local governments to independently supply public services and develop policies. However, the central government did not transfer all that much in the way of fiscal resources. The financial circumstances of local governments did not improve during the long-term economic recession of the 1990s. Because of this, a portion of public services, which had previously been supplied wholly by local governments, began to be provided efficiently and effectively through a cooperative system with CSOs. Many local governments did not have a direct motivation to nurture

the growth of CSOs. Rather, they simply were in need of a new system for providing public services cheaply. Many voluntary associations, NPOs, and NGOs used this opportunity to expand the scope of their own missions and activities. They advanced the construction of new style of local governance, especially in the fields of welfare, elderly care, child care, education, and urban planning, all of which had been public services for which local governments were primarily responsible.

Since the mid-1990s, many Japanese regional and community sociologists have conducted research on voluntary associations, NPOs, and NGOs (e.g., Nishiyama 2005). Some of them have taken an interest in the relationship between the local community and the new CSOs, and the process for building a new form of local governance. In recent years some researchers have focused not only on volunteering and the activities of CSOs, but also on social enterprises and community businesses (e.g., Harada et al. 2010; Shimizu 2010; Fujii et al., eds. 2013).

### Constructing New Systems of Local Governance: Case Studies

What are the characteristics of the new system of local governance that emerged under the policy trends of decentralization reform and the *Heisei* municipal mergers? This section examines the cases of three areas—Sakuma in Hamamatsu City, Shizuoka Prefecture; Yasuzuka in Joetsu City, Niigata Prefecture; and Sanriku in Ofunato City, Iwate Prefecture—where all of the local governments were merged in the *Heisei* municipal mergers. These areas are situated in rural areas. In addition, the three areas are experiencing population aging and depopulation.

#### Case 1: Sakuma—Creating a New Public Service Supply System<sup>3</sup>

Sakuma area in Hamamatsu City, Shizuoka Prefecture, is located on the southern tip of a mountainous region in central Honshu. There is a large and famous dam in

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<sup>3</sup> For detail of Sakuma case, see Maruyama (2015: chapter 9).

Sakuma, a symbol of the recovery from defeat in the Second World War. In the area, forestry was once very prevalent. However, as cheap foreign timber began to be imported, the forestry industry declined. The population of Sakuma area then decreased considerably along with this. The dam provides electricity but has not created many jobs for the area. Because the finances of the Sakuma Town government became tenuous, the town government was incorporated into a nearby city, Hamamatsu City, in July 2005 (Maruyama 2015: chapter 5 and 6).

Generally, incorporation of a local government into a larger unit of government often invites qualitative and quantitative declines in many public services provided by the local governments for incorporated area. This is because it is difficult for the enlarged local government to provide specific services at the same level. Top officials and assembly members of Sakuma Town worried about this before the merger of the town governments. Because of this, they established a non-profit organization, *NPO Ganbaramaika Sakuma*, with the support of local residents. “*Ganbaramaika*” means “Do one’s best!” in the local dialect. This organization was meant to take over a portion of the public services previously managed and provided by Sakuma Town that the government of Hamamatsu City discontinued such as the management of local events.

In order to establish this organization, most leaders of neighborhood associations in the Sakuma area helped to recruit members and collect membership fees for *Ganbaramaika*. This resulted in approximately 70% of Sakuma households becoming members of the organization and paying the monthly membership fee of 100 yen.

After its establishment, *Ganbaramaika* began two new projects. One is the “NPO Taxi” project. In the Sakuma area, there was no private taxi company. While there are public bus routes, the routes are few and the frequency of the buses is low. In the area there are also many elderly persons who are unable to drive a car or ride a bike and therefore have difficulty when they need to purchase groceries or go to the hospital. For this reason, *Ganbaramaika* bought two station wagons and started a taxi service (Photo 1). The six drivers are volunteers living in the area. Currently, these taxis are helping elderly persons to move around Sakuma (see Table 3 and 4).



Photo 1: Sakuma’s “NPO Taxi”



Source: Photo by the author

Table 3: Utilization of Sakuma’s “NPO Taxi” by age

	20-49 Years (N=69)	50-64 Years (N=85)	65-74 years (N=98)	75 years and above (N=118)
Service used	1.5%	3.5%	6.1%	30.5%
Service not used	98.6%	96.5%	93.9%	69.5%
	100.0%	100.0%	100.0%	100.0%

Source: Questionnaire survey conducted by the author in Sakuma in 2010

\*Chi-squared test  $p < 0.01$

Table 4: Utilization of Sakuma’s “NPO Taxi” by ability to drive a vehicle or motor bike

	Can drive (N=315)	Cannot drive (N=62)
Service used	7.3%	37.1%
Service not used	92.7%	62.9%
	100.0%	100.0%

Source: Questionnaire survey conducted by the author in Sakuma in 2010

\*Chi-squared test  $p < 0.01$

The other service that *Ganbaramaika* began is its “*Idobata*” project, a restaurant and delicatessen. With the decline in the population, there are almost no restaurants in Sakuma and few shops. It is difficult for the elderly to prepare their daily meals. Because of this, *Ganbaramaika* rented a vacant shop in the central shopping street in the town and opened “*Idobata*” where they sell prepared foods and one can eat Japanese soba noodles and rice balls (Photo 2). There are approximately 20 volunteers working shifts as employees of the restaurant.

Photo 2: “*Idobata*,” a restaurant and delicatessen run by *Ganbaramaika*



Source: Photo by the author

## Case 2: Yasuzuka—Constructing a Democratic System of Local Governance<sup>4</sup>

Similar to Sakuma’s *Ganbaramaika*, a non-profit organization was formed in Yasuzuka Ward of Joetsu City, Niigata Prefecture, in central Honshu on the coast of the Japan Sea, to provide services following a *Heisei* municipal merger. The government of Yasuzuka Town was incorporated into that of Joetsu City in January

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<sup>4</sup> For detail of the Yasuzuka case, see Maruyama (2008, 2013a, 2013b) and Maeyama (2009).

2005. The residents of Yasuzuka established a non-profit organization, *NPO Yukinofurusato Yasuzuka*, after the merger to take charge of public services. The organization also took charge of local events that the Yasuzuka Town government had once coordinated. The organization collects membership fees from most of the households in Yasuzuka Ward.

Yasuzuka is an area that receives heavy snow fall and has had numerous problems from this climate over the years. In the 1980s, the local government of Yasuzuka began an event called “Candle Road,” which used heavy snowfall as a tourism resource and invited tourists to come to the area. At the event, many candles are placed in snow walls along road and light up the whole town. Many food stalls where tourists can enjoy warm meals are opened throughout the area. While this event was formerly operated by the Yasuzuka Town government, after the merger *Yukinofurusato* took over responsibility for the event. It would be impossible to line up the candles and prepare the food stalls with only the staff of *Yukinofurusato*. All of the neighborhood associations in Yasuzuka area help out and nearly all of the residents contribute to the operation of the event (see Photo 3 and 4).

Photo 3: Preparations by neighborhood association members for the “Candle Road” event in Yasuzuka



Source: Photo by the author



Photo 4: Food stalls run by neighborhood associations in Yasuzuka’s “Candle Road” event



Source: Photo by the author

The local governance of the Yasuzuka area has one more special feature. A residents’ council based on the Local Autonomy Act called the “Local Council” (*chiiki kyogikai*) has been established in the merged Joetsu City for the 14 wards (*chiiki jichiku*) within the city, including Yasuzuka Ward. Members of the council are selected by the residents in an election. In Yasuzuka Ward, *Yukinofurusato* and this Local Council are working together to solve local public problems. In other words, the new local governance of Yasuzuka has unique characteristics for its division of labor and cooperation between organizations involved in the provision of local public services, including both *Yukinofurusato* and the Local Council.

### Case 3: Sanrikucho-Ryori: Building a System of Local Governance for Recovery from Large-scale Disaster<sup>5</sup>

Ofunato City is situated in the southern region of Iwate Prefecture on Honshu’s

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<sup>5</sup> For detail of the Sanriku case, see Yamamoto, ed. (2014). Refer also Maruyama (2012b) for the politics of recovery and reconstruction after the tsunamis in Ofunato City.

northeast coast. This small city suffered significant tsunami damage in the 2011 Great East Japan Earthquake. The central area and the coastal fishing settlements in the city were struck with tsunami waves over 10 meters in height, which resulted in 340 deaths and 79 missing persons (Ofunato City government documents, September 30, 2013).

The government of Ofunato City incorporated with that of Sanriku Town in November of 2001, 10 years before the tsunami disaster. Sanriku was a small town with a population of approximately 8,500 and many residents involved in the fishing industry. With the decline of the fishing industry and an aging and declining population, the Sanriku Town government's finances deteriorated. The fiscal debts of Sanriku Town became a principal reason for its incorporation into Ofunato City (Maruyama 2005).

The former Sanriku Town area also received significant damage in the Great East Japan Earthquake. The number of missing persons and deceased totaled 123 persons (Recovery Planning Committee of Ofunato City report, May 27, 2011). The massive tsunami destroyed fishing ports and embankments and washed away fishing boats. More than 95% of the fishing boats in Sanriku area were damaged.

The Ryori area in the southern part of the former Sanriku Town was struck by tsunami waves over 20 meters in height. The number of people dead or missing totaled 26 out of a population of 2,754. The number of buildings damaged was 183, 21.6% of all houses (Ofunato City government document, April 27, 2011). Of the area's workforce of 1,304 people, 25.3% were engaged in the fishing industry (2010 Census). After the earthquake and tsunami disaster, the residents of Ryori were faced with difficult challenges to restore fishing ports, seawalls, and warehouses and to restart the fishing industry, in addition to the challenge of how to rebuild their damaged homes and communities.

The Ryori area once had a branch office of the Sanriku Town government with governmental officials. However, with the incorporation of Sanriku Town into Ofunato City, the number of officials at Ryori branch office decreased. The residents of Ryori recognized that they could not leave the design of a tsunami recovery plan to the Ofunato City government. Four months after the earthquake and tsunami disaster, they

established the Ryori Area Reconstruction Committee (*Ryori chiku fukko iinkai*) as an organization that would produce and implement a recovery and reconstruction plan for the area. The head of the Ryori Fisheries Cooperative served as the chairperson of the committee. Representatives from other organization, such as the chamber of commerce and industry, the construction association, agricultural cooperatives, the senior’s association, and the women’s organization became committee members. Leaders of the 12 neighborhood associations within Ryori area also joined the committee (see Table 5).

Table 5: Members of the Ryori Area Reconstruction Committee

Chair person	President of Ryori Fisheries Cooperative
Committee members	Chairs of neighborhood associations Directors of community centers Executive board member of Ofunato Agricultural Cooperatives Adviser of Ofunato Chamber of Commerce and Industry Chair of senior’s association Chair of women’s organization Brigade commander of fire company Principals of Ryori Elementary School and Junior High School Chairs of Parent-Teacher Association Chair of anti-crime and traffic safety committee

Source: Compiled by the author from Yamamoto, ed. (2014: 104-105)

The Ryori Area Reconstruction Committee requested help in creating their desired infrastructure reconstruction plan from regional planning specialists. With their help, the committee was able to draft a recovery and reconstruction blueprint that they adjusted themselves. Then, they requested that the Ofunato City government conduct public reconstruction work for recovery and reconstruction based on this blueprint. The city government instituted a formal recovery plan based on this blueprint.

## Findings from the Case Studies

This section outlined the cases of three areas constructing new systems of local governance. From these, two key findings can be identified.

First, attempts to create new systems of local governance emerged in areas where there was consolidation of local governments through *Heisei* municipal mergers. These mergers meant that there was a need for a system for provision of local public services and a system for local public decision making in the incorporated areas. To put it another way, some functions that had been satisfied by local governments and local assemblies prior to the mergers were lost as a result of the mergers. This also meant that the residents themselves had the responsibility for reconstructing these lost capacities.

Second, new systems of local governance are functioning through community organizations such as *Ganbaramaika* in Sakuma, *Yukinofurusato* in Yasuzuka, and the Ryori Area Reconstruction Committee in Sanrikucho-Ryori. Each of these new organizations exists as a parent organization of various other organizations that were previously in the area. Among the various existing organizations, neighborhood associations such as *burakukai*, *chonaikai*, and *jichikai* are performing an important role in the new systems of local governance. Neighborhood associations are organized for all households in their areas. These sorts of neighborhood associations have long histories and are highly capable of integrating local communities. Consequently, the participation and assistance of neighborhood associations is indispensable in working to build a new system of local governance.

## Concluding Remarks

### Neoliberalization and Democratization of a Developmental State

In the 1990s and 2000s, the Japanese state experienced neoliberal reform of the developmental state apparatus, including decentralization reform and a policy promoting local governmental mergers. By these reforms, many peripheral areas had

their local government merge into a larger jurisdiction and then lost their local governments as the basis of local governance.

On the other hand, the state bureaucracy, including local government organizations, had previously enjoyed a monopoly in the provision of public services. Therefore, the neoliberal state reforms in the 1990s and 2000s also resulted in a shift of public service provision away from a governmental bureaucratic monopoly and created the opportunity to build a new democratic system of local governance through CSOs.

### Further Research on Japanese Local Governance

Finally, let us discuss an agenda for further research concerning Japan's new system of local governance. Up to now, Japanese regional and community sociologists have examined how local communities responded to the policies of decentralization and municipal mergers through detailed field work. Some their results are found in chapters of the *Lecture Series of Regional and Community Studies (Chiiki Shakaigaku Koza)* (Tamano and Sanbonmatsu, eds. 2006) and the papers in *Annals of Regional and Community Studies (Chiiki Shakai Gakkai Nenpo)*.

Today, decentralization reform has reached the first stage of completion and the *Heisei* municipal mergers have ended. A post-event critical evaluation of how these policies of decentralization and municipal mergers affected local community will be an important next step for regional and community sociology. It is necessary to examine what sorts of impacts the new systems of local governance have had on the lives of local residents. At the same time, it is also important to understand the quality of the new systems of local governance. In the new system, neighborhood associations have played an important role in local governance and will most likely be a focal point of this future research. It has been shown that neighborhood associations have been key actors in local governance in Japan.<sup>6</sup> The question of how these neighborhood associations have changed or have not changed following the recent systemic changes is an important research topic.

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<sup>6</sup> For detail of neighborhood association in Japan, see Pekkanen et al., eds. (2014).

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