


FINAL MONOGRAPH
26TH GROUP TRAINING COURSE
IN LOCAL GOVERNMENT

JULY, 1990

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**A COMPARATIVE STUDY OF LOCAL GOVERNMENT
SYSTEM IN JAPAN AND CHINA**

by
Xiang Chong Ying
China

Historical Background of Local Government System

Before War II, Japan was a highly centralized country. The National Government was almighty and powerful whereas the role of the local autonomy was rather limited. After 1945, there was a drastic change of Japan's Local Government System — decentralization, more local autonomy in Local Government.

China has also undergone some changes or reforms of Government System since the founding of the People's Republic of China. In 1980, "Great Reformation" began in China, there are more autonomous for local government now, the change is from centralization to decentralization. Like Japan, China's local government system is "two tiers" — Province and City, (prefecture and municipal in Japan).

Types of Local Public Entities

In Japan, there are two types of local public entities, ordinary and special. Ordinary local public entities are established throughout the country and consist of "prefectures" and "municipalities" as the two major categories. The prefectures include 43 ken, and four other local administrative areas called to (Tokyo-to), do (Hokkaido), or fu (Osaka-fu and Kyoto-fu). Within the boundaries of each prefecture and the municipalities, comprised of cities (shi), towns (cho) and villages (son), which are considered to be basic local public entities. Both prefectures and municipalities have ordinary administrative functions different from those of the special local public entities. The prefectural governments are interposed between the national government and municipalities of shi, cho and son. Their administrative tasks, differing from those of municipal governments which handle affairs very closely related to the residents, are as follows:

- a) affairs covering the area of 2 or more municipalities;
- b) affairs requiring uniform procedures;
- c) liaison and coordination among municipalities; and
- d) affairs considered too large to be handled by ordinary municipal government.

Shi, cho and son are located within the boundaries of each prefecture and their governments, forming the basis for local independent administration, are most closely linked with the lines of residents. Cities (shi) number 655, towns (cho), 1,999 and villages (son), 591. Altogether there are 3,245 of

these basic local public entities.

Local public entities have two types of organ: assemblies as legislative organs and chief executives and public administrative committees as executive bodies. The chiefs of local executive organs, such as governors in the prefectures and mayors in the municipal cities are directly elected from the local residents and local assemblymen are also elected from the inhabitants. Both prefectures and municipalities have their own assemblies. Assemblies are legislative and decision making organs of the public will, so their power are centred around the right of decision by voting. Their term of office is four years.

Governors and mayors head the executive organs of local governments. They supervise their respective constituencies, represent them and manage executive functions under their jurisdiction. Their term of office is four years.

In China, we have 30 municipalities, provinces and autonomous regions, among them 3 municipalities (Beijing, Shanghai, Tianjin), 22 provinces, and 5 autonomous regions — mainly located in northwest and southwest — multinational areas. Under each province and autonomous regions, we have several cities, prefectures, districts and counties. Under municipalities, we have several districts and counties. By the end of 1987, we have 381 cities, among them 3 municipalities, 170 cities at the prefecture level, 208 at the county level. Besides, we have many counties and towns and villages.

We also have two types of organ in local government in China, people's congress as legislative organ, and chief of executives and public administration committees executive bodies. But the chiefs of local executive organ such as provincial governors or city mayors are appointed by the local people's congress. But the members of people's congress are all directly elected by the residents. We have people's congress at provincial, city and county level, and district level. The governor of the province is the administrative head of the local government and is also the agent of the National Government, which is same situation in Japan. The People's Congress is the supervising organ and implementation of power. They have the right to change or delete the orders or regulations against the law or constitutions; elect and decide or recall the members of the local government.

Relation between National Government and Local Government

As I have mentioned before, the provincial or prefectural governor in China and Japan is both the agent of the central Government at the local level

and the administrative head of the local government. So we can say local government was both functions agency of National Government and executive organ of local public affairs. In Japan the local government has autonomous administration with the guidelines, adjustment or involvement by the central government.

In China, the local government must take the leadership of the central government, but they also have autonomous. Like Japan, the local government must also receive the guidance, supervision, adjustment, etc. from the central government. In each local government, we have commissions or bureaus or department related to the ministries and commissions in the central government. That is the vertical relation. Each commissions or bureaus or departments will also receive the institutions or guidance from the relative ministries or commissions from the upper government.

Local Finance System

In Japan, a number of accounts are used in local government. They are: Enterprise Accounts (public utility services such as water supply and passenger transport), General Account (for general services such as education and police) and Special Accounts (used for such services as housing because their expenditures are financed partly by the charges on the beneficiaries.

The local government taxes are as follows:

Prefecture Tax	{ Direct Tax { Indirect Tax	Prefecture Inhabitant Tax
		Enterprise Tax
Municipal Tax	{ Direct Tax { Indirect Tax	Automobile Tax
		Automobile Acquisition Tax
	{ Direct Tax { Indirect Tax	Municipal Inhabitant Tax
		Fixed Assets Tax
		Spa Tax (Hot Spring Tax)

Composition of the Revenue of Local Government in Japan

Local Allocation Tax
Local Transfer Tax
National Subsidies
Local Bonds

In China, before the reform of economic system took place in 1980, China was a central planning country, which means the central government had the power. The local governments were dependent on the central government in finance also. The main capital came from the allocation of national revenue from the central government according to the wholesome plan and budget and actual expenditures of the former year of each local government.

Since 1980, the local finance system has been reformed also. The local government has more financial power than before. Every year, each local government hands over a certain amount of local revenue from local taxes to the central government. This certain amount of local revenue is not the same among each local government, which is based on the local economic development, the local natural resources, financial strong or weak in each local government and also other aspects. Besides that, the central government distributes some subsidies or loans to each local government and provides some funds for specific projects in local government.

In China, we don't have many taxes. almost all the taxes collected from the enterprises. Local taxes are as follows:

Products Tax
Business Tax
Increment Tax
Income Tax (mainly refers to enterprises, for individuals monthly salary exceeds 400 RMB)
Resources Tax
Construction Tax
Bonus Tax
House Property Tax
Land Use Tax

Role of Local Government in Regional Development

Like China, Japan also has long-term or short-term plans from national and local government. Local governments in Japan are discharging great responsibilities in the field of the regional administration. Firstly, the local governments are basic administrative units and the district authorities in charge of the implementation of the local development policy.

Although the basic frame of the regional development may be given by the hand of the central governmental agencies, which is noticeable particularly in the field of the national land development planning, economic development planning, etc., a local government is still the first hand agency of creating and implementing the regional development policy. More than half of the public works have been done by the hand of local governments. Because, the local autonomy law of 1949 remarkably declared both the planning and the decision making related to the local development planning are among the most important functions which should be discharged by the local governments. Plans that encompass more than one municipal area are generally determined by the prefectural governor, and plans that are entirely within a municipality's boundaries are determined by the mayor of the municipality. Before governor's mayor's determination, the draft plans and citizen's statements are submitted to the Local City Planning Council for deliberation. Once determined, city plans that concern urban facilities and urban development projects are implemented in the form of city planning projects, in accordance with the City Planning Draft.

In China, for regional development, we have state policy and guidelines. We also have Five-Year Plan. Those local projects within this rational plan are financially supported by the central government and implemented by local government. Each local government makes out its own regional development plan based on its practical situations within the provincial areas according to state guidelines. Regional development mainly focuses on urban development and rural development. Urban development plans are made and carried out by city governments. Rural development plans are made and carried out by county government. All these regional development plans must be approved by the provincial government (bureaus and commissions related to the national ministries and commissions), provincial planning commission and provincial people's congress. Funds will come from local revenue, central subsidies, loans or foreign funds, etc. Urban development covers:

- a. Construction and maintenance of public facilities (electricity, public transportation, telecommunication, social welfare)

- b. Lay out gas pipe for inhabitants
- c. Revitalize or reconstruct downtown area, and
- d. Industrial development (technical innovation and reform, train enterprises directors or skillful workers, improve quality, catch up with international standard)

In regional development, special attention is paid to rural development. China is a big agricultural country. Eighty percent of its population are farmers. There is big gap between city life and rural life. Our goal is to lessen the gap. Rural development plans are usually done by county or town government in following ways.

- a. One five-year anti-poverty plan from Central Government;
- b. To provide electricity, water (especially drinking water) to those areas which lack of or short of usually to those remote and isolated area) ;
- c. To build schools and clinics in those remote areas and to provide chances to those teachers in rural areas to be trained systematically;
- d. To introduce new methods (usually scientific methods to the farmers to produce high yield crops and also have training centers for the famrers in each county governments;
- e. To encourage households to have small-sized industry by providing low interest loans, those industries are mainly hand-made industry, such as sericultural industry, etc. which provides employment opportunities for those idle labour force in rural areas;
- f. To help farmers make full use of local resources to develop sideline production in those areas with poor land (not fertile) and without mach cultivated land, but with plenty of labour forces; and
- g. To develop local industry according to local resources.

So we can say the roles of central government and local government in regional development are:

1. Central Government:
 - a) Lay down policy and guidelines;
 - b) Supervising;
 - c) Financing; and
 - d) Coordination.
2. Local Government:
 - a) Implementation of policy and guideline by the central government;

- b) Making and carrying out the practical regional development plans;
- c) Coordination (with central government (ministries or commissions; and within provincial government also)) ;
- d) Administration; and
- e) Funds.

Conclusion

Local government system in China is somewhat similar to that of Japan's. But Japan's local government enjoys more autonomous. The personnel system in Japan's local government is more strict than that of China's. Like Japan, the local government in China plays an important role in regional development. But Japan's regional development is integrated with private sectors. Finally we should show our great gratitude to the President, Deputy President, Director of Research Department, Professors and Staffs of L.A.C. especially we'd to express our thanks to Ms. Kayoko Kajiyama of the International Cooperation Services Centre, JICA and to Mr. Yasuharu Sugawara of the Research Department, Local Autonomy College for their efficient facilitation and administration of our daily activities and program, which make our stay in Japan most enjoyable.

FINAL MONOGRAPH

by
Yorn-Yan
Cambodia

I. LOCAL PUBLIC SYSTEM IN JAPAN

Introduction

The Japanese Archipelago, living off the eastern coast of the Asean Continent, stretches on a narrow arc 3800 km Long, ranging from 20° 25' to 45° 33' north altitude. Japan's total area of 377,815 km². The Archipelago consists of four main islands-Honshu, Hokkaido, Kyushu and Shikoku — a number of island chains, and about 3900 small islands plenty of population, about 121.4 millions according to the Ministry of Home Affairs at the end of March 1987.

Up to the geography, Japan is divided into four regions and administration at local levels have mere autonomy.

Local Government System in Japan

The Local Government in Japan consists of two levels of government, local government on municipality, cities, towns, and villages and prefectures, TO, DO, FU and KEN.

The number of municipalities and prefectures are as follows:

* Municipalities

— cities	655	(including 10 designated cities)
— towns	1,999	
— villages	591	
	3,245	

* Prefectures

— To	1	(Metropolitan government)
— Do	1	(Hokkaido)
— Fu	2	(Osaka & Kyoto)
— Ken	43	
	47	

The basic local public administrative system is two tier systems of prefectures and municipalities. Municipalities generally handle affairs directly counted with community life. Prefectures are larger area and generally deal with matters on a broader scope and provide liaison coordination and advice to municipalities within their areas. These entities perform their original duty of local autonomy administration, including public welfare and education and at the same singly operate many local public enterprises.

A local public entity is a corporation created on the basis of specified area within national territory, the membership of which is given to the residents therein, and the basic function of which is to control public administration within the area in order to be of benefit to the residents, based upon the right of autonomy recognized by the central government.

Prefectures and municipalities are almost similar function, equal standing, so municipalities do not fall under the direction of prefectures. Prefectures are widebased local public entities composing of municipalities and cover the following affairs:

- a. Official affairs extending over large area;
- b. Affairs requiring uniform handling;
- c. Liaison and coordination of municipalities, such as, between national government and municipalities; and
- d. Matters of scale deemed too large to be properly handled by municipalities covered such as establishment of senior schools, promotion of small and medium enterprises.

All levels of public administration are playing an important role in advancing economy, and society such as:

- a. To promote comprehensive social welfare;
- b. To promote education and creating primitive culture;
- c. To promote the living environment;
- d. To develop the infrastructure and community network;
- e. To develop technology and information;
- f. To develop or promote the function in regional development; and
- g. To promote commerce and economy.

According with the constitution and local autonomy law, local public entities can enact by law what concerning their functions or regulations and execute local administration. Some basic matters are stipulated in national law, and some cases in which local laws are enacted without direct reference to the national law.

Regislative and Executive Organs

To achieve the goals such as described before, the central government shares and delegates powers to local government, we can see in the local autonomy law.

A local public entities consist of an assembly as the legislative organ and a head executive (a governor in the case of a prefecture, a mayor of a municipality) and administrative committees as execution organ.

Through the observation of all lectures, Japan has some problems between executive branch and legislative branch, even of, they are separated powers.

By law, both governor or mayor and assemblymen are elected by the residents for four years term.

The powers of local public entities are separated between legislative and executive branches, not all executive power is held by governor or mayor. Specific matters such as: educations and election committees are entrusted to respective administration boards, independent from governor or mayor. This method is to prevent abuses that could result from concentrating all executive power in one person.

Power of Assemblies

The power of an assembly can be divided into powers of resolution and other powers. Powers of resolution are powers given to assembly to decide upon important issues relating to the local public entity — such major issues that call for the resolution of the assembly are as follows:

- to enact, amend or abolish by laws;
- to amend and give consent to the budget;
- to authorize the settlement of annual accounts;
- to decide affairs concerning levy and collect of local taxes, charges, fees....;
- to authorize contracts;
- to authorize the barter, investment or offer a means of payment compensation of public properties.

Other powers of the assembly including the right of inspection in which the assembly can inspect only document and books related to the affair of local public entities and administrative or financial report from executive organs, and the right of investigation in which the assembly may conduct investigations in relation to the affair of local public entity, and may demand the presence and testimony of witness, and production of records for some purposes.

The Power of Executive

There are two types of executive organs: chief executive elected by the people and administrative committees whose members are elected by other methods.

Governors and mayors are heads of executive organs of local governments. They supervise their respective constituencies, present them and manage executive function under their jurisdictions.

The major powers as follows:

- Enact regulations;
- Presenting bills for regulation of assembly;
- Presenting and executing the budgets;
- Levying and collecting local taxes;
- Collecting assessment charges, initial charges or fees, and imposing administrative fines;
- Procuring, administering and disposing of properties;
- Establishing, operating and creation of public facilities; and
- Submitting a statement of accounts for certification of the assembly.

Beside of what described above, chief executive of local public entities also perform functions entrusted to them by national government in their capacity as agents of National Government. In such a capacity a governor is supervised and instructed by relevant ministers and mayors by governors and relevant ministers.

In the name of as agent of national government, their additional affairs are included the official registers, designated statistical surveys, supervision of national roads, and many others matters called "ORGAN DELEGATED FUNCTIONS."

Administrative Committees

Administrative committees, which a prefecture has to establish are: Education Committees, Election Administration Committees, either a Personnel Committee or Equity Committee, Auditors, Public Safety Committee, Prefectural Labor Relation Committee, Expropriation Committee, Maritime District Fishery Coordination Committee and Inland Waters Fishing-Around Administration Committee.

Relationship between Chief Executive and Assembly

The chief executive and assembly are independent of each other, and discharge their duties on equal terms. If there is different of opinion between them, there are measures for reconciliation, namely, review of resolution, resolution of non-confidence and dissolution of the assembly.

Resolution of non-confidence requires a vote of more than three-quarters of members present, provided that more than two-thirds of total members are present. If a resolution of non-confidence is passed, the chief executive may dissolve the assembly, but if the chief executive doesn't dissolve the assembly within 10 days, the chief executive loses this post.

Local Government System of Cambodia

Before the communist took over in 1975 the local government system of Cambodia was composed of:

- 21 provinces (KHET)
- 122 districts (SROK)
- 1,000 subdistricts (KHUM)
- and four municipalities

All personnel from middle levels upwards were appointed by central government including the governor in charge of the provinces, district officers in charge of districts, only mayor in charge of subdistricts were democratically voted by the residents.

All levels of local public entities in Cambodia did not have much autonomy. The local public entities were placed under the central government, ministry of interior. Specialized authorities were placed under the central of relevant ministries. The mayors were voted by the residents but their autonomy was very still limited, if they had only small autonomy.

From 1975 to present, Cambodia is under the government regime, all local levels as well as local authorities have been placed under the strict control of the communist party, both, Pol-Pot regime and Vietnamese were backed Heng-Samrin Government.

Comments

Observation in Chiba prefecture, Saitama prefecture as well as Ogano town,

and what the local government in Japan have, are very extremely different from Cambodia.

In the term of autonomy in policy which is guaranteed by local autonomy law and constitution, local levels (governments), in Japan, have autonomy, can do almost everything on what they wanted, should do.

In order to promote economy or society, central government delegates more powers to local government, and local governments are playing an important role by themselves with effectiveness and efficiency, it is contrary the central government of Cambodia since 1863 until now have done. The local government at all levels have only a little power to do or decide what they wanted, all the powers are by the hand of central government, both, finance and projects. I can say that no real local government but local administration because the local administrative authorities were placed under the central government and they are appointed by the central government without consenting from the people.

The governors or mayors should have to carry out what the central government orders, they can do, make only the small projects which are, most of them, subsidied by central government.

The local government in Japan is excellent, for instance, ① CHIBA Prefecture has own projects and finance, they have to carry out systematically and from a view of long-term plans such as:

- Basic concept,
- Basic plan, and
- Enforcement plan.

CHIBA city government is playing an important key role in advancing the economy, society and culture of the large region. CHIBA city is also expected to be the center of international exchange, it has international airport also.

② OGANO is a very small town surrounded by the mountain, but they stand on the autonomous idea it became a good & beautiful town, under the good administration and management of local government, OGANO changed from additional agriculture to industrialization and to be internationalizational zone in the near future.

Generally speaking, the governors or majors in Japan, came from the people, present them, so they have to do everything for the people. It is different from Cambodia, my country, they are appointed by the central government, so they should do everything for the central government goals. Sometimes, the people were not the objectives for them, for instance in the communist regimes (both Pol-Pot and Hen-Samrin Governments). The people are equipments

or implements for communist party, like the animals, slaves. They do not think the welfare of social, the right of people or human being.

When the Cambodia will be peace, good lesson of Japan on reconstruction their country after war and good lesson based on the role of local government will be accepted and followed in Cambodia in the near future, I hope.

II. PUBLIC FINANCE IN JAPAN

We have known already that local government of Japan has two tier systems, which consist:

- prefectures, and
- municipalities.

The new constitution of Japan, in 1947, has provided basic principles of local autonomy in the chapter 8, article 92, 93, 94, and 95 which vested them the power to enact their own regulations within law, and creation of own organizations and operations.

The local public administration is carried out in accordance with the provision of local autonomy law (1947), the local finance law (1948), the local tax law (1950), the local allocation tax law (1950), and other statutes.

In Japanese local authority, each services' accounts are separated, the number of account are used as follows:

- Enterprise Accounts: for public utility service such as water supply and passenger transport.
- General Accounts: for general administration services such as education and police
- Special Accounts: for such services as housing for statistical purposes, the General Accounts and "special accounts" of local authority constitutes a so called "Ordinary Account"

Revenue of Local Government

The major sources of revenues are divided in two parts; one from local taxes, another from central government, central government disbursement and local allocation tax.

From 1955 to present, Japan's national economy is very rapidly developing (Economic growth), so both central and local government have more revenues

from taxation.

Revenues from local tax and local allocation tax greatly increased during this period, which rescued local governments from critical financial difficulty in 1950s. The large amount should be spent increasingly from year to year to be accomplished many projects throughout the nation. The regional development is basic plan for Japan in local government, the development of infrastructures and industry, all are needed funds.

Expenditures of Local Governments

The national government subsidies trillionth yen every year to local government, in the case of local government lacks of budget. Sometimes, local governments issue for more bonds than ordinary years, encouraging at the same time their capital expenditures which could create sufficient effective demand and pull up the economy from stagnation, which allowed by central government.

The enormous increase on local government expenditures during the last 30 years after the war have been caused on only the inflation, but from many fields, especially the social welfare, education and public works.

Up to the historical background, Japanese is a nation who wants to know, to get new idea, to understand and because Japan is very developed on technology and high information and communicating system, all of them is the problem for Japan, so both national and local government have to spend large amount of budget for the society needs with jointly hands and shoulders.

Public Finance in Cambodia

The political instabilities, the power of the ambitious leaders, the interfering from the outside, and the idea to swallow Cambodia by Vietnam, have caused endlessly war in Cambodia, so we have no time to develop our poor country.

It is very difficult for me to describe the public finance in my country, I have only a little idea on local public finance, after independent from French Colonization (1953) to the present. Why? I can say that, since 1953 until now, we have five different regimes with different ideologies.

The local government in Cambodia in that time, did not have real autonomy on all aspects, the administration, the finance, the project are by the hand of central government, only the provinces and municipalities have small own budgets.

Their revenues in the pre-communist were made up monthly of rates as property tax (houses and lands) service charges and a largest amount is subsidy from central government.

Cambodia is underdeveloped country, now, based on agricultural development 80% of population are farmers who live in remote area with poor condition. The government receives less revenue and spend more to develop the regional development plans or promote agriculture, security, infrastructure, education, defence, social welfare ... etc.... The central government has more problems with all of this, so we needed the aids from foreign countries.

The provinces and municipalities had to work hard to develop their own zones, the effects which they received very small some places, other places were slowly because they had no more budget and incapacities.

The big projects designed by central government through the respective ministries, and Ministry of Interior was playing the important role or key points of all levels, the lack of responsibility of central government and the lack of finance in the local levels, caused, many projects were failed and stagnant.

What I want to say is, the local and central government in Cambodia are not strong, lack of capacity on administration and management, or central government concentrated all powers, not sharing to local levels and let them in charge of many aspects themselves.

The provinces and districts were subsidized by central government and got solicited the contributions from the people to the local projects and some projects, they imposed the people for helps.

The large amount of revenues is agricultural crop such as:

- rice, all kind of crops,
- fishery,
- forest, and
- rubber.

Angkor Vat is very famous monument, very beautiful places, millions of tourists wanted to visit Angkor, if we had good initiatives, plans, or management, no cheating, they can attract and got hundred of thousands of dollars every year and it is a very good revenue which they can rebuild our part of the big projects for developing the rural areas.

Mineral tax is very bad in Cambodia, we have more raw materials and more resources but are by the hand of businessmen and some corruption officials, so the government got only small amount of mineral tax. Ruby in Pailin is the

best quality and very popular in the world, no, tax, it is the problem for Cambodian government. If they can change the situation as bad as I described above, I think the good revenues will welcome new Cambodian nation.

I remarked that Local Public Finance of Japan is very good, all problems which had, they can conciliate or compromise, and solve thoroughly based on by laws. Every year Ministry of Home Affairs and Ministry of Finance try to solve the problem or made the projects with efficiency and effectiveness.

III. REGIONAL DEVELOPMENT IN JAPAN

Introduction

After the major reform which made in the reign of Meiji government played in the administrative reform continuously, and a stable local administrative system was completed by the enactment of municipality act, and also the prefecture act in 1888 with modernization and more reforms after World War II to present, local government of Japan become stronger almost every aspect.

Japan is the powerful economic nation so that the development policy which has in Japan are very different from what the developing countries have. On the idea of regional development which I want to say is: Rural development and agricultural development.

- a. The concept of rural development, by Mr. Saburo Yamada, lecture on June 28 is, economic and social development of rural area with improvement of rural people welfare and rural infrastructure.
- b. Concept of agricultural development (by Mr. Saburo Yamada) is, agricultural growth with technological and institutional improvement and structural transportation.

Stages of Regional Development in Japan

The high economic growth with high-tech industries, from the concentration on economic and regional development plans, they can be divided into 5 steps as follows:

- 1 Natural resources and basic of industry,
- 2 High economic growth,
- 3 Quality of life,
- 4 Improvement of living environment, and

5 Drawing back the population from metropolitan area.

To carry out the regional development policy, Japan has problems as the lack of raw material and energy but Japan has more quality manpower so they can accomplish well on those goals, and some problems are still continuing such as the improvement of human environment and high land-price.

Economic and Social Development

The flowing of population from rural area to urban area is the major problem which to be solved. It affects on the regional development planning.

The geographical condition, the people's need and culture are very important to consider first, it is also the main factor for the society in community. The basic policy that local government has to do is to improve the living standard of population in rural area by creating new job, goods and services, to improve their incomes, to improve the environment though the improvement of water supply and sewerage system, and education facilities, housing with good condition, infrastructures, and economic activities.

It is not easy to stop flowing of population to urban areas, but local government's role by supporting and financing from national government on the regional development policy, it is to be done such as:

- Industrial function in rural area must be attracted with good analization and specialization.
- Local government agency should delay, extend all activities to rural areas, and both tourism and industrialization.
- Finding good marketing for manufactured goods and services.
- Good location of schools for the children and cultural center for community, is necessary for developing and developed countries.

Agricultural Development

It is very extremely different between agriculture development for Japan and agriculture development in developing countries, when they say about the agriculture in Japan, based on high technologies or machineries, some plans or policies in Japan not for developing countries, those plans such as:

1. Stimulation of producer's incentive,
2. Innovation of appropriate, localized technologies,
3. Extension of new technologies,

4. Availability of necessary material and equipment for farming,
5. Improvement of rural infrastructures, and
6. Institutional or organizational development.

Even if the local government has good policy, but the number of the farmers are decreasing year by year, this factor is the recent problem in Japan.

Regional Development in Cambodia

Cambodia, based on agriculture, the farmers binded and stuck with traditional farming in traditional ideas which had 100 years ago. The local government, it seemed to not be thought about the reform of rural areas, means that they let people guided or led by themselves with our policies or the people themselves not to accept the new ideas of the government.

Regional development projects have been the initiatives of national government. Provincial authorities have little been involved with the planning and implementation.

Regional development policies are stagnant. Why? As rural areas are spreading into battlefields, the war extended the public rural areas from 1970 to present. From time to time or from one regime to new regime, I can say that, they look of good policy, planning, administration, finance because more plans were failed.

- a) Before 1970 the flowing of population to the capital was a problem for the government. The central government under Prince Sihanouk spent million riels (Cambodian currency) to stop and draw back thousand people from the capital to the remote areas without hospitals, infrastructures or schools.
- b) To develop rural area, cooperative was good plan for the government but the chief of commune executives or low levels in local government lack of capacity, administrative system, accounting, so those plans were failed, the capital become lost and they did not know where they were.
- c) In 1975 to 1979, Cambodia was under the hardtime communist leader or genocidal leader, Pol-Pot. All everything which the people had before, were seized or destroyed, thrown away, and they created a new stone which have no in the world.

The rural development and agriculture development were the main objectives, new policies in that period. All leaders both national government and local

levels are ex-farmers and people become farmers.

To achieve the policy which is so called "greatest expansion and greatest famous" is described as follows:

- All the people in community from the age of 4 years to over 60 must go to work.
- Ninety-five percent of population lived and developed in rural areas with poorest and slave condition.
- They all worked more than 14 hours a day without enough foods.
- Thousands of dams, irrigation canals, water gates and check gates, flood embankment, water conservation pools were built.
- Paddy rice field reforms, all the lands belong to the organization of communist party.

Under the biggest change which the people in the world never met, except the communist countries, the consequences are:

- Millions of Cambodians died by killing and starving
- No hospital, schools
- No social welfare and religion
- No enough food, even if we worked more than 14 hours a day in the farm
- Almost every industry stopped or destroyed

Comments

In general, what we have in Cambodia which I described above are very different from what Japan has done. Activity on regional development in Japan are successfully all aspects both economy and social needs for the rural areas, those plans and policies such as:

- Industrialization,
- Economic growth,
- Regional development policy,
- Public works,
- Social welfare,
- Education,
- Infrastructure,
- Housing, and
- Internationalization.

The role of local government, my little opinion on rural development and

agriculture development for Cambodia, I want to propose to all leaders of Cambodia as follows:

1. Creation of training centers to train the local government officers, what's the central and local government policy, local administration course, and administrative management.
2. Central government policy is to create new job (goods and services) in rural areas.
3. Improving the education system for the population and children.
4. Sharing the specific power to local levels.
5. Supporting the policy or planning by providing funds and give advice or cooperation.
6. Creating the institution for researching the agriculture factors, change the traditional farming of the people to develop agriculture productions.
7. To improve the living standard of rural people as well as equity income of urban people.
8. Expansion the public and private enterprises.
9. Guiding the people to construct the houses with good condition.
10. Keep the cultural centers, monasteries, what the social needs is very important issue for community.
11. Improving the infrastructures and transportation ways.
12. Innovating on goods and services.

Beside the 12 small ideas which I mentioned above I want to say that, in order to develop in rural areas or agriculture we should promote or develop or correct such as:

- a. Local government body should be voted democratically by the residents within area and assemblymen all levels should had.
- b. What I want to mention not the situation in 1950—60 because in that period economy of Cambodia was very quick development, but between 1963 and 1969 economic growth slowed in the context of major changes in policy including Cambodian rejection of further US aid.
In the future, Cambodia has to open the door both economy and education with capitalist countries, because the long period of Cambodian history not so clear relation with Western or capitalist countries, like ASEAN countries, Japan and U.S, but related closely only to the communist countries which have brought waste effects until now.
- c. Spreading democracy throughout the country by improving educational

system and making top-down or down-top style, or it is so called "Americanization of life style"

- d. Reflecting the past experiences and creating a good one by opening the eyes to the development of the world.
- e. Keeping in the idea of all leaders that the main goals which we want to is to serve the people on the social welfare, economy, democracy not for the own powers or ideologies.

At the end of my final monograph, I would like to express my deep gratitude to Japanese government, JICA, local autonomy college, and all Japanese staffs who have so kind to help me and all arrangement in local government course with fruitful. I also hope that more Cambodian will be accepted by JICA in the purpose to help reconstruct, rebuild Cambodia in the future.

**REVENUE SHARING BETWEEN CENTRAL AND
LOCAL GOVERNMENTS AND
AMONG LOCAL GOVERNMENTS**

by
J. Cofie-Agama
Ghana

1. INTRODUCTION

The place of local government units/structures in the development process of a country is widely recognized and underlined. Convinced that local governments can contribute significantly to the development of their respective areas through careful planning and control of their environments, various countries, including Japan, have embarked upon major programme of decentralization.

- (1) It is, however, contended that for decentralization to be meaningful — that is, for local governments to perform their services effectively, Central Government must guarantee them sufficient financial revenue. The question arises as to what amount constitutes “sufficient financial revenue” that must be allocated to the local governments.
- (2) This paper does not attempt to answer the question “what constitutes sufficient financial revenue.” It, however, examines:
 - The revenue sharing between the Central Government and Local Public Entities in Japan,
 - The revenue sharing among local governments in Japan, and
 - Lessons from the Japanese revenue sharing among central and local governments, and among local governments which may be of relevance to the process of decentralization currently being pursued in Ghana.
- (3) The paper is organized as follows:

Section 2 examines the existing local government structure and the historical development of local government in Japan. Also the functions of the local government units were outlined in this section.

Section 3 deals with the financing of Local Autonomy in Japan — examining the main sources of revenue for local governments in Japan.

Section 4 concentrates in the revenue-sharing process and lessons for the decentralization process in Ghana.
- (4) A paper of this sort cannot claim to be without any limitations. Compiled from the lectures and supplements by reading, the paper was written within a short time. Certainly it would have been ideal to cross-check some of the materials that because of time limitations, they have to be submitted as such. Again, since some of the materials have to be interpreted, some short comings may be attributes to the gaps in communication.

2. HISTORICAL DEVELOPMENT OF LOCAL GOVERNMENT SYSTEM IN JAPAN

2.1 Present Local Government Structure

Chapter 8 (Articles 92–95) of the Japanese Constitution provides for local autonomy, so also the Local Autonomy Law. These two documents provides for Prefectures and Municipalities as the local public entities. There are thus 47 Prefectures and 3,253 Municipalities. (Fig. 1)

Local Government Structure in Japan (No. as at April 1, 1985)

Prefectures	To-1 = Tokyo-to
(47)	Fu-2 = Osaka-fu, Kyoto-fu
	Do-1 = Hokkaido
	Ken-43
Municipalities	Shi (cities) -652
3,253	Designated cities-10
	Cho (Towns) -2,005
	Son (villages) -596

2.2 Historical Development

The present day Local Government System in Japan outlined above can be traced to the reforms introduced into the administrative system following the Meiji Restoration in 1868 viz:

- the introduction of "Fu" or "Ken" as the national administrative units in the place of the feudal units (shogunates) in 1871, and
- the enactment of the Municipality and Prefectural Acts in 1888.

These two basic reforms resulted in the establishment of 47 Prefectures and the merger of the hitherto over 70,000 financially weak municipalities to 16,000 municipalities. This was the situation up to the World War II.

Emerging from the World War II battered and almost destroyed, and faced with the problem of reconstruction, redevelopment, rehabilitation and development — improving the standard of living of her people, Japan undertook a comprehensive administrative reform, among other reforms, which:

- *Emphasized administrative decentralization (local autonomy)*,
- Established 47 Prefectures and a further reduction of the municipalities

- (on account of their weak financial standing) from 16,000 to 3,253 and
- Introduced elected Assemblies as legislative organs, and Mayors and Governors as the Chief Executives for the Municipalities and Prefectures respectively.

These reforms, which sought to give the status of public corporations, to the local governments were clearly spelt out by the Local Autonomy Law and further emphasized by the Chapter 8 (Articles 92—95) of the Japanese constitution.

2.3 Functions of Local Government Units

2.3.1 Prefectures

Whether To, Fu, Do or Ken, Prefectures are comprehensive and regional local public bodies which encompass a number of municipalities and they perform the following functions:

- Preparation of overall plan for the development of facilities requiring regional use — river valley or mountain area development, construction and maintenance of roads;
- Handling affairs which require an overall nationwide uniformity such as administration of compulsory education, establishment and running of high schools, administration of police, and issues relating to permission of various business activities;
- Improvement of industrial infrastructure and the promotion of local industry; and
- Ensuring a liaison and co-ordination between municipalities and rural government, etc.

2.3.2 Municipalities

Municipalities can be either Shi, Cho or Son depending on their sizes — whether they are cities, towns or villages. Municipalities are fundamental local public entities which manage activities related to the basic needs of residents/citizens life such as:

- Family and residents registration,
- Construction and maintenance of parks,
- Construction and maintenance of water and sewerage systems, garbage and waste disposal systems, sewage disposal systems,
- Establishment and maintenance of schools for compulsory education, and
- Maintenance of fire defence units, etc.

There is no doubt that the functions as outlined above (both at the Prefectural and Municipalities level) require sufficient amounts or adequate finances if they are to be carried out effectively. The next section examines the revenue sources of the local government units and how revenue is shared between central and local governments and among the local governments.

3. FINANCING LOCAL AUTONOMY IN JAPAN

3.1 Historical Development

Local Taxes have been the main source of revenue for local governments in Japan. The post World War II reconstruction and development demands coupled with the transfer of additional functions to the local authorities have brought the realization that local taxes could not support the scale of anticipated development. To improve the revenue base of the local public authorities, the following measures were taken:

- Amendment of the Local Tax Law in 1947 and 1948,
- Introduction of Distribution Tax System in 1948,
- Giving Local Governments more freedom in taxation as a result of Shoup Recommendation in 1950, and
- Introduction of the Local Financial Equalization Grants in 1950.

Despite the above far reaching reforms, it was realized that by 1954, the Local Authorities were heavily indebted to the tune of ¥58,300 million. It thus became increasingly clear that the local public entities could not raise enough revenue to finance the functions transferred to them; not even the introduction of borrowing could not improve the situation. This apparently hopeless situation necessitated further reforms:

- The enactment of the Law for Special measures to promote Reconstruction of Local Public Finance, and
- The reformation of the Local Finance Equalization Grants into the Local Allocation Tax.

These reforms coincided with the period of economic growth/boom of the Japanese economy which further helped the local public entities.

3.2 Main Sources of Revenue for Local Governments in Japan

The present and main sources of revenue for the local government are shown

in Table 1 below.

Table 1
Main Sources of Local Governments Revenue in Japan (1987)

Source	Amount (million)	%
Local Taxes	27,203,986	42.1
Local Transfer Tax	512,268	0.8
Local Allocation Tax	10,561,000	16.3
Central Government Disbursement	10,482,048	16.2
Loans	5,966,219	9.2
Changes and fees	1,649,085	2.6
Miscellaneous	8,287,253	12.6
Total	64,661,859	100

It is observed from Table 1 above that the two most important sources of revenue (accounting for over 75 percent) for local governments are local taxes (42.1 percent), and Central Government Transferred Revenue (33.3 percent)

4. THE REVENUE SHARING PROCESS

4.1 Revenue sharing between central and local governments:

In Japan revenue sharing between the central and local government take so many different forms:

- a— Local Allocation Tax
- b— Central Government Disbursements
- c— Local Transfer Tax

As mentioned above, these three sources account for 33.3 percent of all total government revenue put together.

4.1.1 Local Allocation Tax

The Local Allocation Tax is a kind of block Grants-in-Aid from the Central Government to local public entities, intended guarantee sufficient revenue, promote equalization of revenues, guarantee well-planned local government

public services and administration.

It is a percentage of national taxes from three major sources fixed by law (Local Allocation Tax Law, 1950). The three major sources are Income Tax, Corporation Tax and Liquor Tax.

At its inception in 1950, the Local Allocation Tax was fixed at 32 percent. This figure was later reviewed to 36 percent while in 1990, it is put at 40 percent. This year the three major sources were increased to include 24 percent of Tobacco Tax and Consumption Tax. In 1987, the Local Allocation Tax from the three major sources — Income Tax, Corporation Tax, Liquor Tax) amounted to ¥10,561 billion, representing 16.3 percent of local public entities revenue.

4.1.2 Central Government disbursements:

Central Government disbursements are another way Central Government transfers revenue to Local Governments. In 1986, it accounted for 18.9 percent of Local Governments' Revenue. In 1987, its ratio was 16.2 percent.

Central Government Disbursements to Local Governments are usually divided into three categories:

- a — Payment for agential tasks — that is Central Government pays fully the cost of service borne initially by the local authorities.
- b — Central Government obligatory share in certain local expenses (e.g. expenses for compulsory basic education, public works, disaster relief, etc.), and
- c — Central Government grants-in-aid to support, and encourage local governments for service delivery. This disbursement is discretionary, and can be abolished any time.

4.2 Revenue sharing among local governments

From the discussion above, it is seen that only the Local Allocation Tax goes directly to the local public entities. For the purposes of sharing the Local Allocation Tax to the local governments, a distinction is made between a) Regular Allocation Tax (RAT) and b) Special Allocation Tax (SAT), such that:

LAT = SAT + RAT where

LAT = local allocation tax

RAT = regular allocation tax

SAT = special allocation tax

The RAT, which goes to the local governments, is fixed at 94 percent of the

LAT and SAT is fixed at 6 percent of the LAT. For example 1987, the LAT was ¥10,561 billion (Fig. 1).

$$\text{LAT} = \text{RAT} + \text{SAT}$$

$$100\% = 94\% + 6\%$$

$$\text{LAT} = ¥10,561 \text{ billion}$$

$$¥10,561 \text{ billion} = (¥9,927 + ¥634) \text{ billion}$$

For allocation purposes, the local governments are classified according to:

- a) revenue exceeding expenditure
- b) expenditure exceeding revenue

Therefore RAT is allocated to local governments whose expenditures exceed revenue, while SAT is set aside for disasters, and emergencies. Thus the specific amount of RAT allocated to a particular local authority is given by:

$$\text{RAT} = \text{Standard Financial Needs} - \text{Standard Financial Revenue}$$

The standard financial needs are the total of standard expenditures of a local government computed for individual functions such as the police, fire protection, education, health (sanitation), etc., and basic (standard financial revenue is the sum total of all sources) revenue.

For example: Basic Financial Needs.

Specific Service: Education

Cost of Education: Amount of measuring unit x unit cost of provision x adjustment coefficient.

Amount of measuring unit = No. of Pupils (Y) Unit Cost of Provision = ¥ (X)

Adjustment Coefficient = ?

∴ Cost of Education = ¥XY etc. etc.

Similarly the costs can be computed for other service items and totalled.

4.3 Lessons for Ghana's decentralization process

The Government of Ghana has embarked on a major programme of decentralization (local autonomy). The basic administrative and planning units are District Assemblies which are assigned the following functions (vide Section 6 (3)) :

- be responsible for the overall development of the district and shall ensure

the preparation of and submission to the council for approval the development plan and budget for the district;

- formulate programmes and strategies for the effective mobilization and utilization of human, physical, financial, and of the resources in the district,
- promote and support productivity, activity and social development in the district...;
- initiate programmes for the development of basic infrastructure and provide municipal works and services in the district; and
- be responsible for the development, improvement and management of human settlements and environment in the district, etc.

To ensure that local government makes the desired impact, and therefore bridge the gap between policy and implementation, and as a show of its total commitment to the policy the Government of Ghana has already coded certain centrally collected revenue to the districts, which by August 1989, amounted to 202 million Cedis. It has also commissioned a study team to recommend the government how much (percentage) it should transfer to the District Assemblies. It is in this that light that the following lessons are relevant:

- Local Allocation Tax (32%, 36% and 40% of Centrally Collected Revenue of Income Tax, Corporation Tax and Liquor Tax).
- Broadening the base of the Allocation Tax through the inclusion of 24% of Consumption Tax and Tobacco Tax.
- Regular Allocation Tax through the formula Standard Financial Needs-Standard Financial Revenue.

It is also obvious through the above measures to control local authorities and ensure their conformity to national policies like Rural/Regional Development, etc. The various percentages of the LAT also underlines the point of monitoring and evaluation of the local government mechanism, and the crucial role of the ministry of Local Government in the process.

**COMPARISON BETWEEN THE JAPANESE LOCAL
GOVERNMENT SYSTEM AND
THE EGYPTIAN LOCAL ADMINISTRATION SYSTEM**

by
Effat El Bahey
Egypt

INTRODUCTION

This study aims at making a comparison between the Egyptian local administration and the Japanese local government system. Actually, in making such comparison one must take into consideration the special nature and the ecology of public administration which includes local system — of the two countries. The Egyptian system belongs to a developing country, while the Japanese system belongs to a developed nation.

This difference makes the comparison to some extent a difficult process. This study, however, will use various items such as organization, finance, the role of the two local systems in local development, personnel system — in the comparative process.

LAND AND POPULATION

Japan is an island country stretching along the northeastern coast of the Asian Continent. It consists of four main islands — Hokkaido, Honshu, Shikoku and Kyushu from north to south — and more than 6,800 smaller islands. With a total land area of 377,801 square Kilometers, Japan accounts for less than 0.3% of the total land area of the world. Of its entire land area 73% is mountainous and the remaining 27% is relatively flat. Thus the arable and habitable land is extremely limited.

The population of Japan as of 1 October 1988, was 123 million, ranking seventh in the world, and about 2.5% of the world population. The population density in 1988 was 329 persons per square kilometer.

The population is about 55 million.

Egypt is located in the north-eastern corner of the African continent — bordered on the north by the Mediterranean Sea, on the south by Sudan, to the east by the Red Sea, and to the west by Lybia.

Egypt covers an area of 1,002,000 sqkms. The Mediterranean coast is 995 kms long, while the Red sea coast is 1941 kms long.

The land can be divided into three parts: The Nile Valley, the eastern desert, the western desert. The Nile Valley covers 4% of the land area. It is considered the most agriculture area in Egypt.

The eastern desert represents 28% of the area of the Arab Republic of Egypt. It is characterized by its high range of mountains formed of archaic rocks some of which are 2,000 meters high, extending parallel to the Red Sea.

The western desert covers an area of about 680,000 sqkms and is composed of a range of cliffs with an average height of 500 meters.

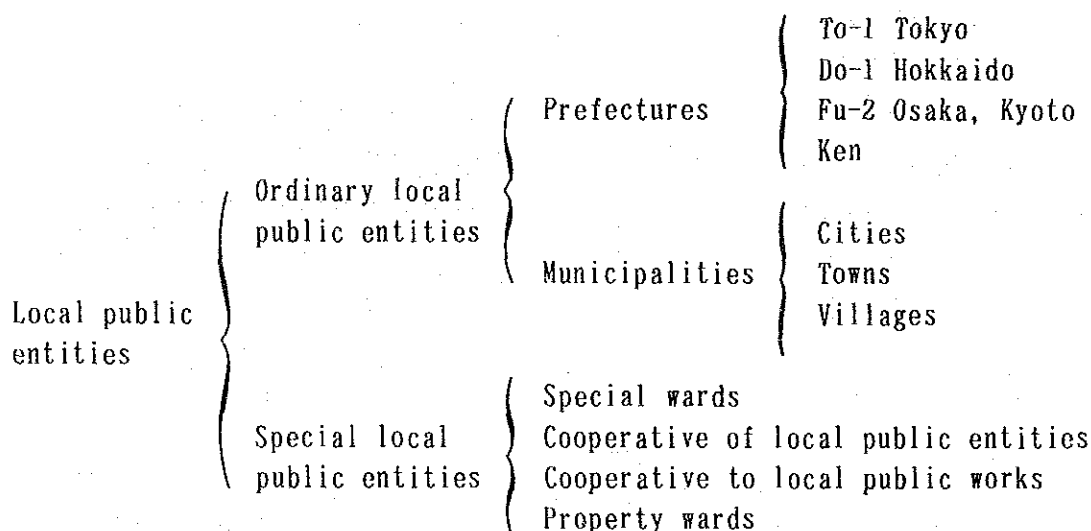
Egypt has large surface but the population is concentrated in the Nile valley, thus the arable and halitable land is limited like Japan.

ORGANIZATION OF THE LOCAL GOVERNMENT

In Japan, the Constitution clearly recognizes the important role of local governments in a democracy and provides for local government as part of the political system in Japan.

There are two levels of local autonomy: 47 prefectures and municipal bodies, encompassing 656 cities, 1,999 towns and 591 villages (as of 1 March 1989).

Cities and towns had the character of the local public entities.



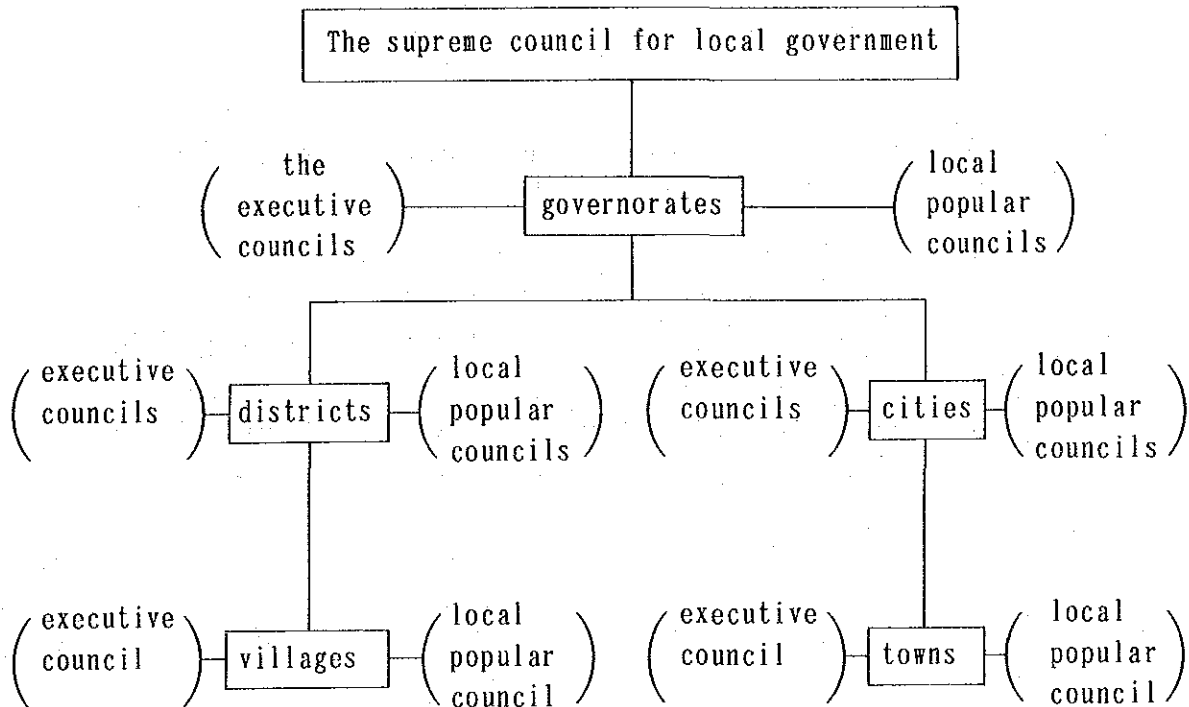
A local public entity has two principal organizations, the assembly, as its legislative body, and the chief executive officer, as its executive.

The chief executive officers of all local public entities, members of their assemblies, and other such local officials, as may be determined by law, shall be elected by direct popular vote within their respective communities.

Egypt adopted the system of local administration in 1960. The laws of local administration have been amended many times aiming to achieve "democratic administration" at various local levels of the state. The most recent

law is N° 145 of 1988.

According to this law the local administration system in Egypt consists of the following organization.



Egypt is divided into 26 governorates. Each governorate has two councils: executive council and local popular council. Each governorate is divided into cities and districts which are sub-divided into towns and villages.

Each level has its own two councils: executive council and local popular council. The governor, appointed by the president and having the rank of a minister, is the chief executive officer of the governorate.

The pattern at each level is similar, an appointed executive officer (governor, mayor, district chairman, chairman of the village unit), an executive council composed of ex officio advisors consisting of the ranking member of each line ministry at that level (e.g. health, education, or public work), a popular council consisting of representatives elected by the residents of the area.

Thus, we observe that local system in both countries, differs in term. In Japan the term is local government but in Egypt is local administration.

In the two countries, the local system law aims to achieve democracy.

In Japan, the chief executive at all levels is elected, so as the assembly

of each level; but in Egypt the chief executive in each local level is appointed, and the assembly or popular council at all levels is elected by people within the area.

LOCAL FINANCE SYSTEM

Local public finance, together with national finance, plays a very important role in the national economy in achieving a reasonable allocation of resources, a fair distribution of income, and a stable economy.

Taxation, in Japan, is divided into two broad categories: national taxes levied by the central government and local taxes imposed by individual local public entities.

The taxes levied by prefectural authorities are called "Prefectural Taxes" and those by municipal authorities called "Municipal Taxes." The following table lists the taxes included in each category.

Local Tax System	
Prefectural Taxes	Municipal Taxes
1. Prefectural inhabitants tax	1. Municipal inhabitants tax
2. Enterprise tax	2. Fixed assets tax
3. Real property acquisition tax	3. Light motor vehicle tax
4. Prefectural tobacco consumption tax	4. Municipal tobacco consumption tax
5. Local entertainment tax	5. Electricity tax
6. Meals and hotel tax	6. Gas tax
7. Automobile tax	7. Mineral product tax
8. Mine-lot tax	8. Timber delivery tax
9. Hunter's registration tax	9. Special landholding tax
10. Fixed assets tax	10. Nonlegal ordinary tax
11. Nonlegal ordinary tax	11. Spa tax
12. Automobile acquisition tax	12. Business office tax
13. Light-oil delivery tax	13. City planning tax
14. Hunting tax	14. Water utilization and land benefit
15. Water utilization and land benefit tax	15. Common facilities tax tax
	16. Land development tax
	17. National health insurance tax

A certain portion of the national tax revenues, is distributed to local public entities in the form of local allocation tax and Grants-in-aid.

Local governments are free to spend the money allocated under this local allocation tax. The local allocation tax can be divided into two types: regular allocation tax and special allocation tax. The regular allocation tax is allocated by Minister of Home Affairs according to a formula, to the local governments which standard level of revenues are below than expenditure. Meanwhile, special allocation tax is granted to the local government according to their extraordinary financial needs.

In case of Grant-in-aid, it is given to local government base on necessity. The national government has discretion power to create or abolish these grants. The objective of these grants is to support, encourage and promote local governments, carrying-out their functions efficiently and smoothly.

Taxation in Egypt, like in Japan, is divided into two broad categories: national taxes levied by the central government and local taxes imposed by individual local public entities.

The following table lists the main taxes and revenues included in each level.

Governorates	Cities	Villages
<ul style="list-style-type: none"> - Land tax - Automobile tax - Building sold tax - Automobile acquisition tax - Investments - Utilities Special account <ul style="list-style-type: none"> - Crops and foodstuffs duties - Donations an supports from Local, national and international sources 	<ul style="list-style-type: none"> - Building tax - Land tax - Birth certificate - Licences - Animal registration - Slaughter house registrations - Public market - Water tax - Electricity tax - Gas taxes - Building sold tax 	<ul style="list-style-type: none"> - Land tax - Utilities - Loans - Grants-in-aid

And also like in Japan, a certain portion of the national tax revenues in Egypt is distributed to local public entities in the form of local allocation tax and Grants-in-aid. National government grants a special allocation tax to some governorates according to their extraordinary financial needs, their size

and their importance like Cairo, Alexandria, Port-Said, Suez and Aswan governorates.

Thus we observe that the local finance system in both countries is nearly the same. But there is some difference. The fiscal year in Japan begins April 1 and ends March 31.

While in Egypt it begins July 1 and ends June 31.

Another important difference is the shortage of funds in local communities. Local communities suffer a lack of proper financial resources as well as an absence of enough proper financial institutions.

LOCAL DEVELOPMENT

The main problem which faces local development in both countries, Japan and Egypt, is the high density of population in the metropolitan areas and the concentration of industries in those areas. The population in Tokyo is about 11 million and in Cairo about twelve millions.

As a result of this situation, local government is confronted with housing shortage, sharp rise of land price, congestion in automobile traffic and shortage of parks and green zones.

In Japan, like in Egypt, many projects have been carried to solve the problems and prevent over-urbanization of large cities by designating "new industrial cities" and "special industrial areas." However, this failed to control continuing over population in urban area and depopulation in rural areas.

Some other problems are facing local development in Japan is ① the rapid increase in the ratio of the aged society and how find the solution for keeping the regional socio-activities, and realise medicare for the elderly.

② Internationalization — Japan encourage the activation of regional society through the promotion of the international exchange with foreign countries.

③ Also local governments are facing the problem of highly industrialized and information-oriented society. Local government should adopt the policies for the promotion of local industry and economy.

— While in Egypt, the main problem of rural area is the real socio-economic setting. Eighteen point three percent of rural population are unemployed. Among the programmes that government carries out to solve this problem is the project of "desert land reclamation." This project created new job opportunities for farmers.

Also the project of family's product at rural area.

This project aims at investing the family's effort and turning the household into a productive unit, to increase the family's income, and lead to decreasing the rate of migration from the village to the city.

PERSONNEL SYSTEM

In Japan the local public service personnel belongs to the local public service law.

And the national public employees belong to the national public service law. While, in Egypt, both of national public employees and local public employees belong to the national public service law.

- In Japan the National Personnel authority is the central personnel agency of the Japanese Government. In Egypt, it is the Central Agency for organization and Administration.
- Both of national public service laws are nearly similar in the following points:
 - Initial appointment is based on competitive examination
 - The appointing power is vested in the head of each ministry or agency, and may be delegated to high-ranking personnel within the ministry or agency.
 - The promotion is based on an evaluation utilizing the past service record.
 - The age of retirement is sixty.
- In Japan, the working hours is 8 hours per day. One hour for rest or lunch is provided during regular work hours. Sunday is the holiday. Officials have 20 days vacation in a year.

While in Egypt the working hours of the public personnel is 7 hours per day. There is not time for rest or lunch. Friday is the holiday.

Officials have 21 days vacation in a year, and after 10 years working the vacation is 30 days.

In both countries, there are medical leave, maternity leave. These leaves are usually with pay.

CONCLUSION

Japan is a very high developed country, very high industrialized and I hope Egypt benefits from its experience. The group training course in local government 1990 has been a success. I have gained a lot of experience. So I would like to thank the local autonomy college. Mr. Majima and Mr. Ikawa as directors, Mr. Sugawara for administering the course, Ms. Thomire and a great thanks for Mr. Kajiyama, the acute coordinator who helped us to catch more information about the course.

**AN OVERVIEW OF LOCAL GOVERNMENT SYSTEM
IN JAPAN AND INDONESIA**

by
Amandjaja Pakpahan
Indonesia

INTRODUCTION

The history of Local Government in Japan it can be counted back from the Meiji Restoration. The current Local Government system in Japan has been completed by hundred years of experiences and enriched by the development of political system.

However, the history of Local Government in Indonesia is very young. When the Republic of Indonesia was established in 1945, the constitution only provides a chapter for Local Government. Later on this chapter becomes the basic for creating the Law for the Government in the Regions. Today the execution of Local Government in Indonesia is run under the Law number 5 of 1974.

Although the two countries have some similarities in local government system, if it is explored deeply, one can see that there exist a lot of differences. The main differences will be easy to understand and we examine the relationship between the central and local government in these two countries.

The analysis will be organized as follows:

- A. Local Government system
- B. Local Public Finance
- C. Local Tax
- D. The Role of Local Government in Regional Development
- E. Conclusion

A. LOCAL GOVERNMENT SYSTEM

In both countries, the aims of Local Government are pointed toward the strong and self sufficient Local Government. In line with this idea, the central governments delegated some of powers and affairs to the Local Governments. However in these two countries the amount of power and affairs delegating are not the same. As a consequence the same term such as Regional Autonomy in these two countries does not carry the same meaning and idea. The next analysis will show how it becomes different in these two countries.

1. Classification and the Number of Local Government

The basic principles of local government in Japan and Indonesia are not the same. Local government in Indonesia is based on the principle of Real and Responsible Autonomy, which mean that the affairs and powers delegating to the regions should be based on the calculations and measures that the Region

concerned is able to take care of its autonomy. Responsible autonomy is refer to the concept of unitary state and respect to national aims and guarantee the harmony between the central and the local government and also inter local government both horizontally and vertically.

Meanwhile in Japan the local government basic principles are cooperatives autonomy and resident's autonomy. Cooperatives autonomy is an independent entity, established on the basis of a specified area and should be given status and power independent of the central government, and be allowed to administer such specified areas with minimum intervention from the central government. In order to strengthen this principle the execution of local government in Japan is also completed with the resident's autonomy which enabled the existency at local administration under resident initiative and responsibility. In Japan local governments had more discretion and enjoy a lot of powers and affairs delegating from the central government.

Based on the principles mentioned above, the two countries then formed a two tiers of local government as follows:

a. The Japanese Local Government System

Local Public Entities	Ordinary Local Public Entities	Prefectures (47)	} TO 1 Tokyo TO DO 1 HOKKAIDO FU 2 OSAKA FU KYOTO FU KEN 43
Special Local Public Entities	Special wards 23 Cooperatives of Local Public entities 2,918 Coprporations for Local Public Works 14 Property Wards 4,614	As of June 1, 1986	

b. The Indonesian Local Government System

Based on the 1945 constitution, the entire territory of the Republic of Indonesia is divided and sub-divided with regard for the principles of deliberation and consensus in administration and with regard for the traditional Rights of the Regions that have a special character. The division and subdivisions of the country for the purpose of government have the character of autonomy or are else merely administrative subdivisions.

The major autonomous divisions into which the country is divided are 27 provinces or special territories (Propinsi or Daerah Istimewa) which are Level I Regions, next come 241 Regency (Kabupaten) and 49 municipalities (Kotamadya) both of which are autonomous Level II Regions. There are 5 non autonomous administrative divisions of Jakarta Capital City. The City of Botan in Province of Riau is another type of city administrative. Meanwhile throughout the country there are 35 township (Kota Administrative), and 3,605 district (Kecamatan) and also 66,974 grass roots divisions of which 61,924 are Desa and 5,055 are Kelurahan. The difference between Desa and Kelurahan is that the Desa are rural sub-divisions, or large villages where old form of democracy is still practised, while Kelurahan is city wards or sub-urban divisions that is no more than parts of the Kecamatan (District) and all of them have no autonomy.

The structure of Local Government is uniform as far as possible both vertically, from one level to another down from the National Level to grass root level and also laterally between regions and organizations as, with the structure of Government Ministry as described attached.

2. Organs of Local Government

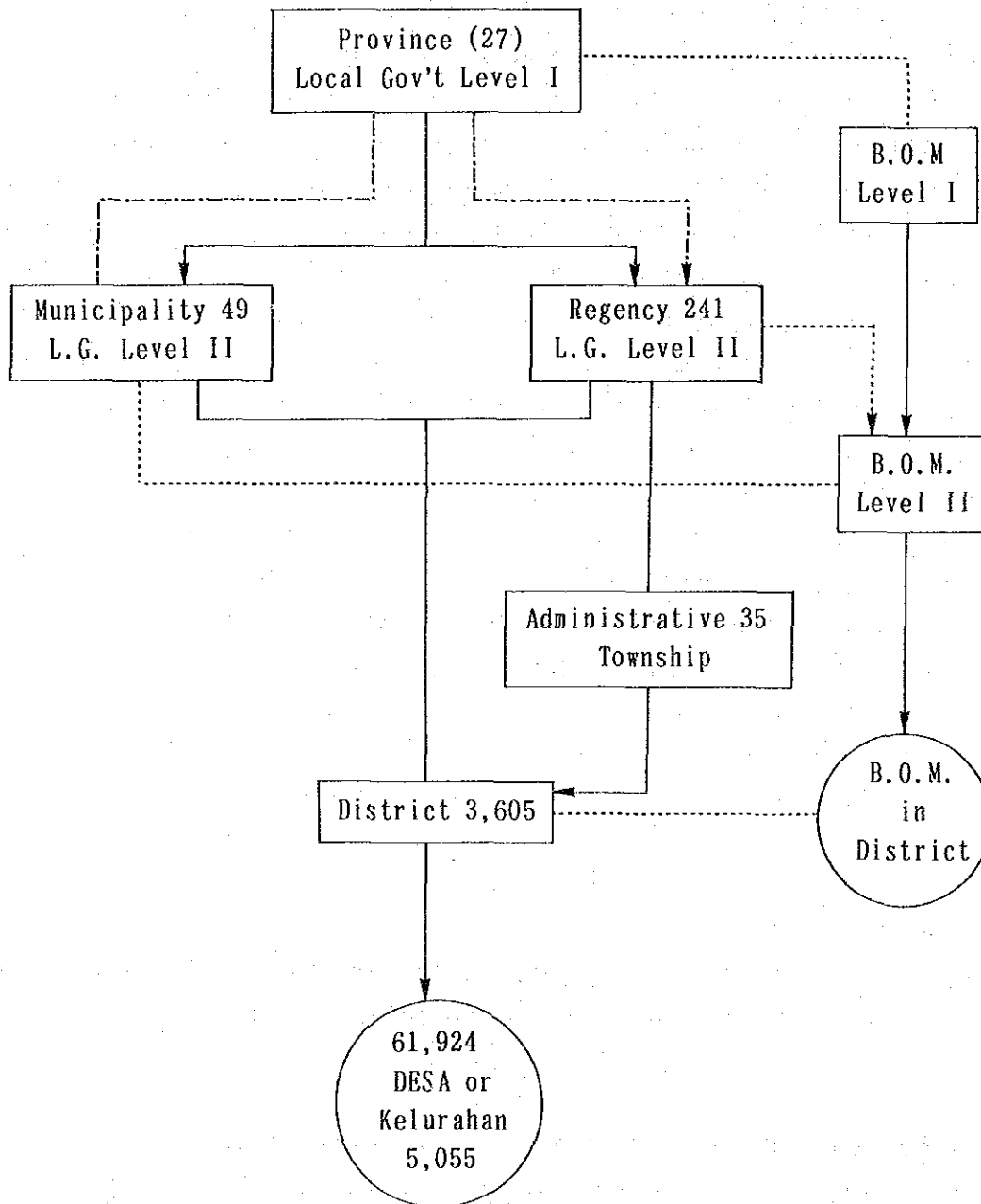
Organs of Local Government in Japan and Indonesia are the same. Both countries have Executives organ and legislative organ. The differences are related to:

2.1 The election of the Head of Local Government and Local Assembly

In Japan the head of executive or the head of Local Government such as governor and mayor and the assemblyman are directly elected by the people. In contrast, the Head of Executive or the Head of Local Government such as Governor for Level I Local Government and Bupati for Regency and Walikota (Mayor) for municipalities are elected by the Local Assemblyman after the candidates approved by the Central Government i.e. the Ministry of Home Affairs. Meanwhile the Local Assemblyman is elected by the voters through

give vote to the political parties.

The number and structure of Local Government in Indonesia



- >: Commanding line
- .->: Coordinating line
- .->: Functional line

B.O.M: Branch Office of Ministry

Only few of ministry has Branch Office in district level.

2.2 The number of Assemblyman

The number of Local Assembly in both countries is fixed by the law based on population. However in Japan Local Government has been empowered to reduce the fixed number by laws. In Indonesia, Local Government not yet equipped with such kind of power.

2.3 The Power and the Rights of Local Assembly

Since the amount of autonomy for Local Government is different in the two countries, so as the power and the rights of Local Assembly are different too. Besides of the similarity, the Local Assembly in Japan has more rights such as to authorize contract, etc.

2.4 The term office of the Head of Local Government and the Local Assembly.

The term office for the Head of Local Government and the Local Assembly is longer in Indonesia than in Japan. The head of Local Government and the Local Assembly in Indonesia are held the office term for 5 years. Meanwhile in Japan only 4 years for both the Head of Local Government and Local Assembly.

3. The Function of Local Government

Comparing the function of Local Government in Japan and Indonesia it should be viewed from the amount of autonomy of the Local Government in both countries. Today, autonomy of the Local Government in both countries. Today, Local Government system in Japan is based on the principles of Corporative Autonomy and Resident's Autonomy. As a consequence, Local Government in Japan has independent power and allowed to administer such specified area with minimum intervention of the Central Government due to this principle, some affairs such as education, welfare services, health and hygiene, public works, industrial promotion, fire deponce and police that are closely linked to daily life duties are shared by the Central Government, prefectures and municipalities. However the actual implementation of these field of administration is mainly shared by the prefectures and municipalities.

From the above explanation it can be known that the Local Governments in Japan are in charge with so many affairs. Power delegating from the Central Government is real and full. So the function of Local Government in Japan is greater than the function of Local Government in Indonesia.

The basic principle being that those fields of public administration, which have strong connection with the daily life of the general public are to be undertaken by Local Public entities as much as possible, and the Central Government

takes care of those fields that are beyond the ability of local public entities.

In Indonesia the function of Local Government is based on the principle of "Real and Responsible" autonomy. Autonomy shall be given to the local governments if they have ability to take care of its autonomy. In addition the Local Government also responsible for national aims and to speed up development and to guarantee the harmony between the Central Government and the Local Governments. In line with this principle, the Local Governments are in obligatory to coordinate the activities of the Branch Office of Ministries within the region both in planning as well as in the implementation to achieve utmost efficiency and effectiveness, to guide and to supervise the execution of Local and Regional Administration.

4. Relationship between the Central and Local Governments

Due to the difference of local government system in both countries, relationship between the central and local government is different too. In Japan local government system, relation between the Central and Local Government is established on the principle of cooperation and minimum intervention by the Central Government, the Central Government is expected to tender technical advice and financial support with minimum control over the local governments. However the necessity to secure a well balanced development of National Land and to maintain a national standard of administrative services, makes it imperative for the Central Government to exercise certain control and to coordinate supervision over the Local Government.

Since the chief executives and administrative board act in the capacity as the agency of the Central Government in performing national power delegated to them, and as such, they are under the direction and control of the Central Government. In case of Municipal Level, the powers and Responsibilities of assistance and control of the Central Government are, as a rule, entrusted to the Governors of Prefectures.

In Indonesia the relationship between the Central and Local Government are characterized by autonomy, the delegation of powers (deconsentration) and by co-administration. However, autonomy in Indonesia does not mean complete administrative freedom from all national ties as in federal system of government. Autonomy means autonomy in the local administration of a region, plus autonomy in such services as Public Health, Agriculture, Stock Raising, Social welfare and so forth, which the Local Government in question is capable of running. The extent of this autonomy that is to say, the number of government differs

from one province to another, in keeping with their ability to handle the service concerned. At present, there are 19 fields of government activities over which various provinces, Kabupaten and/ or Kotamadya (Municipality and or Regency) exercise autonomy. The number of activities are increasing and the degree of autonomy is growing, nevertheless, without exception, this autonomy conforms with national policies and with national laws and regulations. It is not possible in Indonesia for different regulations to prevail in different provinces.

The delegation of powers by the Central Government to its various offices in the provinces, then down to the Municipality and Regency. In this way technical powers are delegated with regard to the sectoral services. In the case of powers delegated by the Minister of Home Affairs, the authority is, of course, administrative in character and extends down to the Governors of provinces and on the heads of other sub-divisions of Local Government. Other ministry may similarly delegate powers within the sphere of their jurisdiction.

The co-administration is particular affairs, meaning that the affairs are directed and financed by the national government but it is executed by Local Government services.

Comparing the above explained system, it can be concluded, that the discretion of Local Government in Japan is different to Indonesia. The Japanese Local Government System adopt minimum intervention of central government, meanwhile in Indonesia government system introduce. Co administration system and power delegating in order to ensure the national entities.

5. Local Public Personnel System

Talking about Local Public Personnel System, besides of its similarity there are some principles of differences. Local Public Personnel System in Indonesia is directly related to National Government. National Government based on position and job classification arranged by the Local Government provides the available formation for each at local government in a certain fiscal year. Selection process, recruiting and appointing is done by the local government. However the salary is paid by the Central Government through the subsidy for local government.

Since the Local Government carried out in the Central Government Authority, so a personnel at a Ministry may be assigned to assist at a Local Government Office through the decision of the Minister at the request of the Head of Local Government concerned. Meanwhile according to the deconcentration principles a personnel of the first level of Local Government may be assigned to assist at second level local government office through the decision of the

Head at level one local government at the request at the Head of the second level local government. All officials, both local government officials and officials of a Branch Office Ministry assigned at a local government office are such ordained to the Head of Local Government concerned.

In general the recent Local Public Personnel System such as appointment, dismissal, suspension, salary, pension, half-pay and others matter concerning to legal status are regulated through a local regulation in line with the directives stipulated by the Minister of Interiors. Usually there is no classification of Local Public Personnel System. Based on the viewpoint of duty and all personnel are expected to serve for long life services.

In contrast to the Local Public Personnel System in Indonesia, the Japanese Local Public Personnel System classified their personnel by characteristics and counters of duty, such as Regular Public Service and Special Service. The standard differences of Local Government Personnel in Japan between Regular and Special Public Services is usually based on the establishment of the *merit system and life time employment*. However some types of regular public services such as the personnel at local public enterprises, person employed for semi-skilled labour, Education, Public Service Personnel and Fire. Service personnel are treated differently in term of labor standard rights because of the special nature of their responsibilities.

Another difference to Indonesia system that is in Japan appointing authority belongs to the governor, mayor of a city, town or village and also to some committee, board, chief and general manager.

Despite of these differences, both countries perform the law to regulate the local public personnel system. In general the idea at the mentioned law is the same, even though some matters are different because of the government and political system on the two countries are different too.

B. LOCAL PUBLIC FINANCE

Since the amount of power delegating is the two countries are different, the local public finance system is different too and has its own special characteristic in Japan financial relationship between the central and local government has working properly. Both parties the central and local government has its own rights to collect taxes and there is certain methods of how the fund should be distributed from the central government to the local government.

After World War II the Local Finance System in Japan has been reformed for

many times. In the Fiscal Year of 1950, Local Finance Equalization Grants System was introduced to replace the local distribution the system. Even though the system was changed greatly, the local government not yet raise sufficient revenues to meet the demands for administrative activities.

To cope with this problems the central government then allowed the local authorities to issue more local bonds than in the previous year. However this public loans heavily depend on private money supply. The government then adapted a measure to reduce the burden of local governments by giving subsidies to cover the difference in the terms of loans between the private and the government funds.

From the above explanations one can see that local finance system in Japan has passed many critical situations and the Central Government has done many efforts to cope with these situations. Local finance system in Japan has grown accordingly to the progress of Japanese economics. The Central Government is always perceptive with the local finance problems and even willing to reform the system and create the new one.

In contrast to the local finance system in Japan, the local finance system to Indonesia is still searching its share. Through the law no. 32 of 1956 the local government was giving a much greater share of national resources. Unfortunately, this law was never fully implemented because of domestic political situation and it was replaced by the subsidy system. The subsidy system then becomes the main channel of distributing funds to the local government. Today the main consideration for giving subsidy to the local government is based on the number of personnel employed in each region. In another word, subsidy for local government is mainly to pay the salaries of local personnel.

Because of this system, many of the most significant political questions of the day are questions about local finance system. The local government both level I and level II are permitted to collect the tax, but that is only small and tiny sources. All primary sources of income and easy to collect go to the account of Central Government, meanwhile the distribution of fund to local government is still based on subsidy system. No doubt, the financial relations between the central and local governments cannot be completely satisfactorily to all parties.

Although the recent system is not yet able to satisfy all parties, it is no doubt to say that the system has been successful to eliminate the gap between regions. Through this policy the lac resources regions be able to gain more budget and they become able to execute the local government tasks.

The problem at the current system is that the surplus sources regions feel

that their resources not yet lead them to a faster growth. The problem becomes a political issue in term of it is difficult to create a law concerning the finance relations which suitable and widely accepted by all parties. To cope with this issue it seems that the national government heavily depends on the fundamental ideas of the national constitutions, that the state is a unitary one which seeks to realise social justice for the whole citizens.

The system of financial relations permits no systematic approach to equalization of some element exist. Right now no attempt is made to compensate local government for disparities in their local revenues potential.

C. LOCAL TAX

As Japanese local tax system, local taxes system in Indonesia are also classified into two parts: one being provincial taxes and others are municipal/or regency taxes.

I. Provincial tax

A. Local owns revenues

1. Local taxes

- a. Vehicle tax
- b. Vehicle transfer tax
- c. Tax on fishing
- d. Others

2. Local charges

3. Departmental revenues

4. Share of profits from local enterprises

5. Others

B. Assigned revenues

C. Grants subsidy from central government

D. Foreign aids/loans

E. Donations

II. Municipal/or regency tax

A. Local owns revenues

1. Local taxes

- a. Road tax
- b. Slaughtering tax
- c. Hotel and restaurants tax

- d. Radio tax
 - e. Foreigner tax
 - f. Entertainments tax
 - g. Advertisement tax
 - h. Non motorized vehicle tax
 - i. Street lighting tax
 - j. Business registration tax
 - k. Others
2. Local charges
 3. Departmental revenues
 4. Profit from local enterprises
 5. Other revenues
- B. Assigned revenues
 - C. Grant/subsidy from high level government
 - D. Foreign aids/loan
 - E. Donations

Comparing the structure and items of local tax in Japan and Indonesia one can say that is almost the same. The main principle of differences is the Japanese system imposes the inhabitant tax to the citizens. Meanwhile, this system not yet exist in Indonesian local government tax. In addition to, the Japanese system also classified the local tax based on its purpose such as tax for general purpose and special purpose.

The structure of local revenue in Indonesia is also different to the Japanese system. In Indonesia the revenues from the Central Government is only subsidy. The subsidy from the Central Government to the local government is mainly allocated to pay the salary of local public personnel. Based on the Japanese tax system, the local government in Japan receiving the fund from the central government through many different methods such as:

1. Subsidy
2. Local allocation tax
3. Local transfer taxes

Tax distribution between the Central and Local government in Japan has adopted a rational method. Through the principle of regular allocation tax and the special allocation tax the existence of national unity can be guaranteed. This principle enables the needy local government to acquire more fund from the Central Government without jealousy the other local governments.

D. THE ROLE OF THE LOCAL GOVERNMENT IN REGIONAL DEVELOPMENT

Since the principles at the local government in both countries Japan and Indonesia is different, so as the role of local government in regional development is different, too. The Japanese regional development system owing to the principle that the local governments are basic administrative units and directs authorities of the local development policy. Although the basic frame of the regional development is given to the hand of the central governmental agencies, the local government is still the first hand agency of creating and implementing the regional development policy.

Despite of the strong portion of local government in regional development, it is a fact that cannot be hidden that some of the development plans born in the local government could not show the full merit expected because of some reasons such as:

1. Implementation of planning administration itself was quite a new function and the power of the planning division within the local government were not strong enough compared to the other governmental functions.
2. Necessary reform must be introduced in to the traditional bureaucracy system.

Regardless of the weaknesses mentioned above, the Japanese local governments have played an important and significant role in regional development on their respective areas. Unlike in Japanese system, the role of local government in regional development in Indonesia is still small. The role of local government can be viewed in the basis at the deconsentration, decentralization and co-administration. If the development carries out in its deconsentration principles, it means the role of the local government is almost nothing except for coordination function. However, if the development related to decentralizations principles, the role of local government is very significant. If development program related to the principles of the co-administration the role of the local government is greater comparing to the role within development in the principle of deconsentration.

It is realized the regional development is essentially responsibility of each local government as it involves the basic needs of the people. Each local government knows and understood better the people need within respective areas, the availability of infrastructure, such as clean water supply, sanitation, drainage, roads, garbage disposal, fire protection, etc. To abridge the gap between needs and facilities is important to provide a comprehensive plans which able to mobil-

ize and to manage adequate funds. In such a situation the local government should not work alone, but has to have close cooperation with the Central Government Agency.

E. CONCLUSION

From the entire analysis it can be known that the differences of local government system in Japan and Indonesia is caused by the difference of principles and the idea of local autonomy. Both systems have their advantages. The Indonesian system what ever it weakness it has been successfully cope with the problem faced by the central and local government. National unity idea and regional disparities between regions in Indonesia has encouraging the Central Government strengthening the control over all regions. In other words the centralization of government system is the best way to maintain stability and allowed the Central Government to take some policies to redistribute fund to the local government.

However, in Japan due to the mature of its history and experience to run the local government the relationship between the central and local government has turned into cooperation and guidance. The current issue of local government in Japan and Indonesia is very different. The discretion of local government in Japan it cannot be compared to Indonesian system, since the Japanese local autonomy principle is corporative autonomy and resident's autonomy which meant that local government has independent power and the intervention of the Central Government is limited.

**A COMPARATIVE STUDY OF LOCAL GOVERNMENT
IN IRAN AND JAPAN**

by
Mortera-Ebrahimian
Iran

INTRODUCTION

The comparative study on the role played by local government in urban and rural in both Japan and Iran is as a result of the two months training course of local government held by L.A.C. from May 16 to July 16, 1990, and followed by 12 countries.

The activities consist of: Lectures 'seminars' field study trip included visits' observations and discussion.

There is an important matter which the Japan local government, and Iran local government are different and it is necessary first to compare these two systems.

GOVERNMENT OF JAPAN

The basic frame work of Government in Japan is defined by the constitution of Japan, which went into force on May 3, 1947 drawn up at the same time as postwar Japan was undertaking democratization in a number of fields under the tutelage of the victorious allied powers, this constitution is distinguished by its vesting sovereign power in the people, including a pacifist renunciation of war, and pledging respect for fundamental human rights while popular sovereignty and respect for fundamental human rights are now the legal norm worldwide, the earlier Meiji constitution vested sovereign power in the Emperor, and recognized popular civil rights only within narrow legal limits. As a result, the postwar constitutional principles. So governmental power under the constitution is clearly divided among the legislative, judicial, and executive branches, the legislature is the bicameral diet with its 512 members house of representatives, and 252 member house of councillors. A parliamentary body. The diet designates the prime minister from among its members. The executive is headed by the cabinet appointed by the prime minister to preside over the various ministries and agencies. The judiciary includes district court, High Court of Justice, and Supreme Court.

GOVERNMENT OF IRAN

The advent of the islamic revolution in 1979 was one of the most important events of the century. The entire gamut of activities have taken new shape, new ministries, organizations, foundations, institutions committees,

etc. have been set up to implement Islamic system, and regulation with a view to do everything for Allah and per Islamic principles.

The victory of the Islamic revolution marks a new era in Iran. A despotic monarchical system based upon an Imperialist materialist world view gave way to an Islamic world view thereby placing Islam on a strong footing.

The plan of the Islamic government based upon Wilayat-al-Fagih as proposed by Imam Khomayni the leader of revolution to the muslim people opening up before them the true path of Islamic ideological struggle. In the view of Islam government does not drive from the interests of a class, nor does it serve the domination of an individual or a group.

It represents rather the crystalization of the political ideal of a people who bear a common faith and outlook taking an organized form in order to initiate the process of intellectual and ideological evolution towards the final goal movement towards Allah. This system is popular system and follows the principle of the separation of the executive judicial and legislative power for the administration of the people. However, the Islamic republic is also a system which operates within the Islamic legal framework emphasizing the sovereignty of God over the people and the people over themselves. Thus the difference between the Islamic republic and various existing democratic systems in the world is that in the non Islamic democratic systems the principles of the government and the basic framework of the ruling system depend on the people's will as it is the people who determine the executive authorities and the form of the government.

In an Islamic republic the people's will only intervenes to determine the executive authorities and the form of government, but the principles of the system as well as its basic framework are based on Islamic canons and Divine commands, in an Islamic republic it is the people themselves who adopt an Islamic system which is based on Divine teaching and orders just as the Iranian people voted once for the actual principle of an Islamic republic and voted a second time for its constitution law. The *Majlis* (Islamic consultative Assembly) the *Majlis* consists of the true representatives of the people from all over Iran who are chosen by popular direct and secret voting. According to the constitution it is the incarnation of the power of the people and their sovereignty.

There is a total number of 270 representatives. Every ten years for every 150,000 increase in the population in each electoral district one deputy is elected to the *Majlis*.

In spite of the apparent similarity of the Islamic consultative assembly to other parliaments that exist in other countries of the world. There is a

real difference between the two from the viewpoint of content, function and criteria.

This applies to the relation between nailis deputies themselves as well as the relations of the executive power with the people. This difference is as great as the difference between Islamic and western culture. For example, the member of the nailis are not elected on the basis of their affiliation with political parties or groups. The criterion of their election is not representation of power groups, rather, they are elected on the basis of taywa (piety) knowledge commitment to Islam and determination to struggle against kufr (disbelief) and injustice. This same criterion predominates during election campaigns.

THE PRESIDENT

After the office of leadership the president is the highest official in the country. He is elected for a four year term by the direct vote of the people under the supervision of the Guardian council, and his re-election for a successive term is permissible only once. The president heads the council of ministers who are appointed upon his proposal. He supervises the work of the ministries and takes all necessary measures to coordinate the decisions of the government, with the cooperation of the ministers.

The Islamic republican system is neither akin to the soft gloved dictatorship of the western democracies nor to the totalitarian system of the eastern bloc, and its basic principles are the voting of the people and their active participation. Thus the deputies of the Islamic consultative assembly and the president are elected by the direct vote of the people.

LOCAL GOVERNMENT IN JAPAN

In Japan local government is known as prefectural government and municipalities. There are 47 prefecture, 3,256 municipalities and 7,546 special local public entities. The prefectures, municipalities and special local public entities also are divided into another categories, and assemblies consists of members elected directly by residents. An assembly electes a president and vice president from among its members.

LOCAL GOVERNMENT IN IRAN

Local government in Iran divided to

Ostan	(province)	24	General Governor
Shahrestan	(country)	195	Governor
Bakhsh	(district)	500	district Governor
Dehestan	(villages)	many	council

General Governor (ostandar) is nominated by the minister of interior and appointed by cabinet but Governor and district Governor appointed by the ministry of interior, in central government, and there are also high council in each province which its member elected by the direct vote of the people, and this council is more powerful than general governor and others in local government. The rule of the high council is based on Islamic law.

LOCAL FINANCE IN JAPAN

Local finance in Japan has various source of revenue such as local allocation tax, local public bonds, local transfer tax and others. The most important of all revenues are local tax which provide finances for the independent activities of the local governments. The local government also receives subsidies from the central government near about 18.3% of local revenue.

LOCAL FINANCE IN IRAN

In Iran local government also has various source of revenue such as local allocation tax, local public bonds, local transfer tax and others, but all these tax and local revenues straightly sent to the general treasure in central government, then every year the amount will sent back to the local government. There are another Islamic tax in Iran that based on religious believe of moslems, and payed to the leader agent in every part of Iran. So these taxes named:
1. Khoms tax. 2. Zakat tax. 3. Peter tax. This system is individual and there is not any force for payment, but the moslems pay this tax upon their duty. From the above comparison, it is concluded that the local government system in Iran and Japan are much different. The difference appears in the historical background, organizational structure of government, and also local government, but

their is common problem of both countries.

1. Air pollution in Tokyo and Tehran
2. Traffic problem
3. Earthquake problem in two countries
4. Movement of rural population to urban area in search of employment and for better standard of living.

So during my study in Japan I found that Japan now is one of the world's major industrial, economical and technological countries.

At last I thank to Japan International Cooperation Agency, government of Japan to visit here. I could catch many experience about Japan and Japanese people, thus this training course was very useful and knowledgeable for me and it is necessary to appreciation the local autonomy college for magnificent arrangement of the course, and cooperation during our stay in Japan.

I would like to give thanks and to be grateful to Ms. K. Kajiyama our coordinator and Mr. Yasuharu Sugawara for their assistance and kindness. One more I would like to express my gratitudes to all of you Japanese.

**LOCAL GOVERNMENT GROUP TRAINING COURSE,
MAY 16 – JULY 16, 1990**

by
Charles D.F. Jrateh
Liberia

INTRODUCTION

On 12 May, 1990, I arrived in Tokyo to undergo a group training course under the auspices of the Japanese Government through Japan International Cooperation Agency — JICA. Upon arrival I was warmly received at the Tokyo International Center — TIC, Hatagaya, one of 9 such supervisory and dormitory facilities of JICA located in ideal areas of Japan, where I would reside for the duration of the course.

The 2-month course, scheduled from May 16 to July 16, 1990 was named 26TH GROUP TRAINING COURSE IN LOCAL GOVERNMENT — 1990. It consisted of lectures, field-trips, guided tours of selected institutions, as well as special visits to other places of interest, all geared towards providing participants basic knowledge and appreciation of the Japanese government and people.

As I have had the opportunity to be one of 12 participants from as many Asian and African Countries in the course, I do deem it an obligation no less to document, at least a general analysis of the course content. In addition, I must endeavour to expound, rather briefly, on a particular topic of relativity to prevailing conditions in my country's local government system which the acquired knowledge from this course has occasioned me to observe.

The following therefore is the afore-mentioned exercise which I sincerely hope will qualify as my Final Monograph of the course, and will do justice to the many fine, hardworking, and diligent people, Japanese, with whom I have shared these memorable six weeks of my life and learned so much for the benefit of my country and people.

LOCAL GOVERNMENT TRAINING COURSE 1990 — ANALYSIS

Content and Mode of Presentation:

The course contained a total of 24 full-day and half-day lectures and seminars on 10 major topics delivered over the 6-week period with books and/or subject hand-outs by no less than 5 professors from some of the nation's highest universities as well as several senior government officials and staffs, including the Vice Minister of Local Government. Three week-long field-study trips were also made during which local government staffs provided briefings and lectures on general public administration and facilities.

Main Lectures and Topics:

1. Local Government System — May 17
Mr. Yamashita, DIRECTOR OF REGIONAL DEVELOPMENT, MHA
2. Local Public Finance & Local Tax — May 18
Prof. Harada, SENSU UNIVERSITY, TOKYO
3. Comparative Study on Local Government — May 28
Prof. Nakamura, MEIJI UNIVERSITY, TOKYO
4. Local Government System in Participating Countries — May 29
Mr. Ueno, SECRETARY-GENERAL, JAPAN MUNICIPAL LEAGUE
FOR INTERNATIONAL FRIENDSHIP
5. Local Public Authorities and Inhabitants — June 1
Mr. Majima, DIRECTOR, INSTRUCTION DEPARTMENT, LAC
6. Internationalization of Local Government — June 11
Mr. Tsuge, DIRECTOR-GENERAL, TRAINING INSTITUTE
ESTABLISHMENT, LAC
7. Future of Local Government in Japan — June 12
Mr. Tsuda, VICE MINISTER, MHA
8. Review of Local Government System — June 12
Mr. Kubo, DEPUTY DIRECTOR, LOCAL ADMINISTRATION, MHA
9. Details of Local Public Finance — June 13
Mr. Shiikawa, ASST. DIRECTOR, FINANCE DIVISION, MHA
10. Details of Local Tax System — June 14
Mr. Mutai, ASST. DIRECTOR, PENSION/WELFARE
DEPARTMENT, MHA
11. Local Public Finance System in Participating Countries — June 18
Prof. Udagawa, DEPARTMENT OF ECONOMICS, MEIKAI
UNIVERSITY
12. Local Public Service System and Advancement — June 20
Asst. Prof. Kitaohji, SHIZUOKA UNIVERSITY
13. Review of Local Tax and Public Finance — June 21
Mr. Kidera, SENIOR SPECIALIST LOCAL FINANCE BUREAU, MHA
14. Current problems in Local Government — June 21
Mr. Kimura, COMMISSIONER, FIRE DEFENCE AGENCY
15. Election System in Japan — June 25
Mr. Nishida, ASST. DIRECTOR, ELECTION DIVISION, MHA
16. How to Secure Free/Fair Election — June 25
Mr. Nishida, ASST. DIRECTOR, MINISTRY OF FOREIGN AFFAIRS
17. Economic Development of Japan/Role of Local Government — June 26

- Mr. Nagata, DIRECTOR-GENERAL, AREA ADVANCEMENT CENTER, TOKYO
18. Rural Development and Local Government — June 28
Prof. Yamada, TOKYO UNIVERSITY
19. Urban Policy and Local Government — June 29
Mr. Hoshina, DIRECTOR, UN CENTER FOR REGIONAL DEVT.
20. Local Government in Regional Development — July 2
Mr. Kawachi, DIRECTOR, MINATO MIRAGE-21, YOKOHAMA CITY
21. Local Government in Regional Development, Review — July 2
Mr. Goto, DIRECTOR, FINANCE DIVISION, GUNMA PREFECTURE
22. Role of Local Government in Regional Development, Participants' Presentation/Discussion — July 4, 5
Mr. Takai, PRESIDENT, ASIAN RURAL INSTITUTE
23. Final Review, Local Government in Regional Development — July 6
Mr. Nagata, DIRECTOR-GENERAL, AREA ADVANCEMENT CENTER

Content Assessment:

In order to provide a concise but comprehensive overview the course is summarized into 10 major topics in order of development sequence and general effect as follows:

1. Local Government System in Japan

Local Government in Japan has evolved with the nation's long and turbulent history which has produced a special form of administrative structure of a unique blend of contemporary systems of other countries.

The Country, located mainly on four of some 3,000 islands — HOKKAIDO, HONSHU, SHIKOKU, and KYUSHU, is bordered on the North by Sakhalin and Syberia; on the West by the Korean Peninsula and China; and on the East and South by the Sea of Japan and the Pacific Ocean. The people, said to have first occupied these islands in the Diluvial Epc from parts of China, Korea and Mongolia, developed through several periods of history; Jomon, Yayoi, Kofun, Nara, Heian, Kamakura, Muromachi, Azuchi-Momoyama, Edo, Meiji, Taisho and Showa, to the present society.

Throughout the periods the government system had been generally feudal with interchanging SHOGUNATE and IMPERIAL rules with each succeeding leadership gradually consolidating power through centralized administration until the Meiji Restoration (1868—1912), the foundation of modern Japan. During

this period the Prussian Administrative System was adopted and integrated with the Socialist ideology of the Chinese.

At the end of World War II in 1945 the United States forced a revolutionary overhaul that was not quite absolute in a single form but resulted in the development of a new prosperous Japan with a unique government system that bears features of the Chinese, German, French, British, and American forms; a Constitutional monarchy central government, and a Presidential form two-tier autonomous local government system patterned after the American System, and which has been the main focus of this course.

The local government system is authorized and protected by a Local Autonomy Law and guided by the National Constitution. It executes, finances and supervises development and welfare of the citizenry in response to their needs with technical and financial support from national government. In short, national development in Japan is actually a sum-total of the planning and undertakings of local government units under national government guidance and support.

2. Local Public Authorities

Local Authorities are categorized on a graduated scale of diminishing administrative powers in accordance with areas of supervision; a Prefecture is headed by a GOVERNOR, a Designated Municipality (city) is headed by a GOVERNOR, a regular Municipality (city) is headed by a MAYOR, while Towns and Villages are headed by Managers or Heads. All of these leaders exercise executive power counter-balanced by respective ASSEMBLIES with legislative functions. Both executive and legislative authorities are directly elected by the people. They are required by law to relate and respond to the needs and aspirations of the people on one hand, while maintaining the favour and support of national government on the other. This highly intricate balance has been successfully maintained, and some Governors and Mayors have served as many as 8 successive terms in office.

3. Local Public Service Personnel

Public Service Personnel comprises Special and Regular Service civil employees who are required by law to be SERVANTS of the people at all times. Their status and working conditions are guaranteed by law while their rights and political activities are restricted. Under a strict merit system they are to exert their utmost in performance and justify promotion, either by election or appointment, into practically life-long service. They are classified into

6 categories, namely: (A) Ordinary Civil Servants; (B) Public Education Personnel; (C) Police Personnel; (D) Fire-Prevention Personnel; (E) Local Public Enterprise Personnel; and (F) Unskilled Labor Personnel.

These civil servants, who number 3.2 million, are paid relatively high standardized salaries compared to central government, and some public sector jobs, but are subject to constant transfers and re-assignments to avoid complacency, and are also prohibited from engaging in strikes, profit-making enterprises, and holding two positions concurrently.

4. Election System in Japan

Japan's election system, managed by the Ministry of Home Affairs — MHA, is based on universal Suffrage, Ensuring Equality of Votes, and Secret Single-Ballot System. In order to ensure freedom and fairness as well as protection of candidates' and the public's rights, laws are made and enforced with various degrees of penalties imposed on violators.

Each election-year over 73 thousand Japanese are elected by their fellow countrymen of age 20-and-above to public offices. This includes the National Diet, Local Assemblies, as well as Governors, Mayors, and Town and Village Managers.

Under very strict control of the Home Affairs Ministry and a Central Election Management Council election laws and procedures are painstakingly ensured, and violators punished when caught. So far, it has worked effectively, and constant improvements are made whenever found appropriate and necessary.

5. Local Public Finance

Public finance is an essential part of the local government system in Japan. It enables local entities to raise and manage the funds for their ever-increasing responsibilities of Education, Health, Welfare, Transportation, Roads, Communication, Recreation, etc., which must be provided for the people.

The account is separated and managed in three categories; General, Ordinary, and Special which total nearly half of national budget. Presently, local government expenditure is some ¥63 trillion, well exceeding that of central government by some ¥3 trillion.

6. Local Tax System

The local tax system is also a significant part of local government, and corner-stone of local public finance. It is divided into two major categories: General and Special Purpose Tax, levied by prefectural and municipal govern-

ments. Each category is subdivided into Corporate Resident, Individual Resident, and Interest Tax, and others.

Management of the tax system is a serious local government function because it provides the annual revenue required to finance the very existence of those entities. Special tax laws are therefore enacted to protect and ensure unimpeded flow of this life-blood of government revenue.

7. Local Public Enterprise

Local Public Enterprise is one of the most controversial, costly, yet most essential functions of local government. It is the planning, financing, and management of public utilities and services which are largely indispensable to the community, and must therefore be maintained by all means. These include Water, Housing, Schools, Hospitals and Welfare Centers, Transportation, Electricity, Sewerage, Gas, Recreational Facilities, etc., etc.

The enormous construction and operational cost required as well as the lessprofitable nature of many of such services make them less attractive to private venture thus necessitating public responsibility.

Special laws are formulated and enforced to ensure proper control and maintenance. Presently, the Japanese Local Government spends trillions of ¥ annually on public enterprise with the percentage of recovered cost from users well below desired level in spite of many cost-recovery measures instituted.

8. Regional Development/Urban Policy

Regional Development is the systemic planning and coordination of local community and resource development to meet the objectives of national growth and advancement. This has been and remains the cornerstone of Japan's economic success.

Over the years both local and national governments have continued to research and apply new approaches to the basic principles in response to the ever-changing demands of society. The two cardinal aspects that must always be employed preferably in a compromised or fused state are, the TOP-DOWN, and the BASE-UP, Top-down is central government planning, direction and control, and Base-up is coordinated local government planning, implementation, and control with heavy participation of private enterprise, under the guidance and support of national government.

Available and potential resources, including the people's needs and capabilities must always form the basis of the planning process, while proper management and accountability must characterize finance and implementation at all times in

order to ensure success.

9. Local Government systems in Participating Countries

Participants were given the opportunity to present and explain their Country Reports focusing on the systems of Local Government, Local Public Finance, and Regional Development. This exercise provided a very useful forum for comparative study and discussion of the merits and demerits of the unique features of each system.

10. Internationalization

Throughout its long history Japan has been relatively closed and isolated from most nations of the World, both because of its geographic location and features, and the age-old traditional shyness and mistrust of strangers, among others. However, a very positive change began to occur as far back as the late 17th century which greatly improved after World War I and was radically and perhaps permanently completed by World War II.

The tragedy suffered by Japan in her defeat, especially the effect of the atomic bomb, moved the United States to help plan, guide and finance a total integrated development of Japan from a dejected and hurting state to the World's most progressive economically advanced nation with accompanying technology.

Now that the nation is an economic and technological power it is doing everything it can to open the land and its people, even the language, to the World that must provide the market to sustain the giant economy. The measures being employed are diverse and numerous. They include programs like JICA, JETRO, JOVC, etc., and the restructuring of regional development with accent on employing advanced technology to create ideal cities and environment that meet the needs and aspirations of the 21st century.

PARTICULAR TOPIC FOR COMPARATIVE ANALYSIS REGIONAL DEVELOPMENT – THE JAPANESE EXPERIENCE

The Old Order:

History shows that Japan had been a traditionally rich and self-isolated country in the past with a strong agriculture-based feudal society which went through successive periods of shogunate and imperial rules. These proud war-hardened people of the mongoloid race gradually developed a unique culture and language largely influenced by the Chinese and Korean cultures. Each

new ruler concentrated infrastructural, institutional, as well as cultural development within his administrative sphere of influence as he fought fiercely to consolidate his power against his rivals. Thus, development in Japan had always been inherently regional, but with shifting emphasis dictated by prevailing political conditions of the times.

By the 17th century persistent intrusion by western countries had weakened the isolationist stance and Japan began to experience rapid development in commerce, trade and industry, particularly in the south where the only gateway, the port of Yokohama, was located. Giant steel plants, factories, railways, better roads and bridges, warehouses, homes, institutions, and many other forms of infrastructure were built and gradually expanded to other parts of the country. Japan had now joined the community of international development and progress. Its traditionally hard-working and highly competitive people began copying everything they saw with their trading partners of the outside world.

The Rude Awakening:

The penchant for copying and improving new things which by then was part of the tradition proved disastrous however when Japan decided to have a part in World War II. She was defeated and the economy and infrastructure that had been so painstakingly and proudly built were badly devastated; it therefore was an even greater challenge to start development anew.

Realizing the enormous destruction and suffering it had inflicted on Japan, the United States decided to give Reconstruction Aid in technology, finance, and guidance, as it had equally decided for Europe with the Marshall Plan. For the Japanese politicians, it meant countless negotiations and hard decisions; for the scientists, engineers, technicians, etc. it was continuous probing for innovations and strategies for solutions to all problems of the nation, including the greatest natural enemy-EARTHQUAKE; for the farmers and the broad masses it meant backbreaking work as usual; and for the students, the youth in general, greater challenge to qualify as the NEW JAPANESE.

The Dignity of Labor:

In the early years of post World War II the Japanese swallowed the bitter pill of change given them by the Americans and forged ahead relentlessly with political, economic, social, technological, and ideological reforms. Public administration was drastically overhauled with emphasis for over-all development planning, finance, and general administration shifted to local government and central

government retaining general guidance, supervisory, and subsidizing role.

Based upon the new order the nation began the first phase of its post war regional development program which lasted from 1945 to 1955. A 1947 Land Reform Law ended the traditional fiefdom, absentee land ownership, and promoted agricultural growth buttressed by high food and material demands of the Chinese and Korean Wars. An Agricultural Basic Law was put into place in 1960 establishing mechanized farming with the use of chemicals which made fewer farmers earn higher income from greater yields. This was part of the great national drive for Industrialization and Urbanization. Large steel plants, factories, and other large-scale infrastructures were built in major cities along the Southern Coast, including Tokyo the capital, which plan in regional development terms was known as the INDUSTRIAL BELT. While this 10-year plan had successfully generated rapid economic growth it also created new problems of urban congestion, pollution, diseases, and rural depopulation, among others.

The decade of the 60s began with phase II of the national regional plan calling for MODERNIZATION GROWTH. Accordingly, several new laws were enacted including the Industrial Development Laws of 1961, 1962, 1964, and 1968. Efforts were concentrated on restructuring of industries and inner-cities, connected by improved roads, transportation networks, and expanded public utilities. Similar measures undertaken in the 1970s and 1980s spurred even greater economic, technological, cultural, and social growth, making Japan now the World's second largest economic and technological power next only to the United States — the BENEFACTOR.

The New Age:

Today Japan is effectively grappling with the four basic problems of its new hard-won prestigious role of an economic and technological World Power. The problems are as follows:

1. Aging Population

Technologically lightened work-load and advanced medical facilities have boosted life-expectancy rate to the World's highest, while the economy — conscious and sophisticated younger generation of women shun multiple child-bearing, thus dangerously limiting birth rate;

2. Culture Erosion

New-Generation Japanese understand and accept the highly competitive money-centered society in which they have been born, but doggedly and non-

chalantly pay nominal attention to, and are therefore gradually missing the deep human-centered cultural values of their forefathers;

3. World-Market Competition

The need to ensure adequate world market to sustain Japan's giant economy pose an unending task for economic planners;

4. Ever-increasing Aid Purse

The inescapable responsibility for Japan to adequately contribute to world organizations and developing countries in keeping with the status of an industrial and economic world-power rests on the shoulders of the national leaders.

In response to these problems Japan has since embarked upon a bold multi-effect strategy of INTERNATIONALIZATION, the newest national plan which now lays the entire country, urban and rural settings alike, even the language wide open to foreign access to re-orientate the traditionally shy but shrupe people to complete international standards, credibility, and cooperation.

Once again, rural development is the tool as usual, the focal point on which the strategy of INTERNATIONALIZATION is hinged. Accordingly, local government, in collaboration with the private sector and central government, is hard at work gradually unfolding the map of the new age of Ultra-Sonic Integrated Reconstruction. Inner-cities are transformed smoothly blending high-tech industries, financial, educational, cultural, and mass-information institutions with luxurious entertainment and recreational facilities, all conveniently connected to biotech agricultural suburbs equally intersped with similar industries and every concievable amenity that technology has to deliver that will attract and satisfy the young and old alike. This is Japan's preparation for the 21st century.

PREVAILING CONDITIONS OF LIBERIA

Profile:

Liberia, a small, tropical, agriculture-based West African state of 68.8 thousand square kilometers, became independent in 1847. It is the oldest republic on the continent under highly centralized unitary government system with IRON ORE as the only economically potential mineral resource, assisted by COFFEE, COCOA, AND TIMBER from the agricultural sector. Inspite of the

long years of independence and the resources, the development process for its 2.5 million ethnically polarized people has been painfully slow. The economy is practically void of industry and is heavily dependent on foreign aid and soft loans.

Under these conditions the local government system is superficially administrative with the Tax, Finance, Personnel, Regional Development, and Public Enterprise functions directly planned, implemented and controlled by central government. Consequently, the limited public amenities are heavily concentrated in the national capital where they are even grossly inadequate and barely maintained for the over-sized population. The rest of the country is largely rural, underdeveloped, with only the regional administrative centers having very little public utilities. The development strategy has doggedly remained the TOP-DOWN approach which left alone always stifles growth.

LESSONS FROM JAPAN

The following are but few sailing ideas from the course that could very well accelerate national development in Liberia if accepted and implemented?

1. Decentralization:

Establishment of a strong local government system with Tax, Finance, Personnel, Public Enterprise, Planning and Implementation powers delegated by law, guided, supported, and protected by central government.

2. Third Sector Involvement:

Inclusion of the public sector in the over-all planning, implementation and finance of regional development so as to ensure a rapid and more balanced integrated development that will ensure economic elasticity and general improvement of living standard;

3. Industrial Development:

Promotion of regional oriented industries including mechanized agriculture; machinery, textile, chemical, cottage, and service industries, among others;

4. Technical Education:

Technological education should be given priority by central government to gradually produce the qualified man-power required for industrial development.

5. Public Service Training:

Establishment of a Local Government Training School to produce competent and efficient personnel that will be more confident, dedicated, and honest on the job; and

6. Protection of Cultural Values:

By virtue of the ethnic diversity of the nation's people central and local government alike must by law promote and protect the cultural institutions, the positive traditional practices of the people, and strictly enforce moral rectitude, with public officials as prime example, so as to maintain a strong bond of national unity and patriotism and avoid deculturation of succeeding generations.

CONCLUSION:

The 1990 Local Government Course of JICA was well planned and executed. The carefully selected lecturers and their relevant course materials have greatly improved by knowledge of Japan and its people, as well as the importance of local government in over-all national development.

On behalf of my country and people I do hereby extend sincere thanks and appreciation to the Japanese Government and People, the President and Staff of JICA, the President and Staff of LAC, the Lecturers, and all the good and friendly people who have so generously contributed to the success of the course. I humbly recommend its continuation and improvement for the resulting promotion and strengthening of mutual international development and cooperation.

**LOCAL GOVERNMENT SYSTEM:
A BRIEF COMPARATIVE STUDY ON FUNCTIONS
AND FINANCING OF LOCAL GOVERNMENT
FUNCTIONS IN JAPAN AND MALAYSIA**

by
Sharie Bin Abu Hasan
Malaysia

INTRODUCTION

Japan at present is a developed and high technology country and has become one of the economic superpower in the world today.

The total land area of Japan is 377,708 square kilometer (145,834 square miles). Out of the total land area of Japan, 73% is mountainous areas and 27% is relatively flat areas.

Meanwhile Malaysia is a developing country in South-East Asia with the total land area of 127,581 square miles i.e. Peninsula Malaysia having the total land area of 50,806 square miles and East Malaysia comprises of the total of Sabah and Sarawak account for 76,775 square miles is total area.

Being a developed country, the local governments in Japan have undergone many changes and challenges. So do with the local governments in Malaysia. But then changes and challenges faced by the local governments in both countries are not the same in terms of functions and financial capabilities, which will become the purpose of my comparative study between local governments in Japan and the local government in Malaysia. My emphasis will be on the financial aspects with special reference to local government internal revenues and inter-governmental fiscal transfer.

LOCAL GOVERNMENT STRUCTURE AND FUNCTIONS

The first change in the local government system in Japan started in 1946 and with the introduction of the constitution in 1947, laws relating to the local government system, live the principles stipulated by the constitution.

Compared with the old system, the new system provided for the Local Autonomy Law has the following features:

- 1) Widened scope of initiative of a local public entity, with more power to the assembly and less supervision by the central government;
- 2) Extended rights of residents with direct election of governors, mayors, and members of assembly and various recalls; and
- 3) More impartial and more efficient administration with the establishment of the election management committee and the auditors.

The affairs of police, fire defence and education which previously the tasks of the central government, were transferred to the local public entities with the introduction of the Police Law, the Fire Defence Organization Law and

the Education Committee Law, in the period from 1947 to 1948. The Local Finance Law was also enacted, making clear the basic principles of the local public finance and the limits of financial responsibility between central and local government.

In 1949, the group mission visited Japan and to make recommendations on the working of local government system in Japan. As a result of the report, a large scale reformaion of the local tax system was implemented, and the system of financial equalization grants to local government was created.

In 1950 the local public service law was introduced and two years later, 1952, the local public enterprise law was also introduced.

So the local self - government system in Japan, in accordance with the provision of the constitution is established by the following basic laws:

- 1) Local Autonomy Law - Basic Provisions, Organization and Management
- 2) Local Public Service Law - Local Public Service Personnel
- 3) Local Finance Law - Local Tax
- 4) Local Tax Law - Local Finance
- 5) Public Officers Election Law - Election for Public Officers
- 6) Local Public Enterprise Law - Local Public Enterprise

The Local Autonomy Law divides local public entities into two major categories: ordinary public entities and special local public entities. Ordinary local public entities are general local public entities established in order to enhance the welfare of their residents. The current local government system adopts a two-tier system namely prefectures and municipalities. Prefectures are the upper tier local public entities comprising of municipalities. Prefectures and municipalities are of equal standing. So municipalities do not fall under the direction of prefectures. Today Japan has 47 prefectures and 3,253 municipalities (as of June 1, 1986). Prefectures comprise of To, Do Fu and Ken and municipalities comprise of Shi (cities), Cho (towns) and Son (village).

The functions of a prefecture is characterized by covering a wider area such as preparation of overall development plans of the region and river development; require as overall uniformity, such as the maintenance of the laid-down standard of compulsory and other education, the administration and operation of the police; to liaison and coordination of municipalities, such as liaison between national government and municipalities and taking the responsibility which exceed the level of ability of the municipalities such

as the establishment and maintenance of senior high schools, laboratories and museums.

While municipalities being the basic local public entities situated within the residents' locale, take charge of all local administration, except for matters taken charge of by prefectures.

Special local public entities were created for a specific purpose so that their area, organization and functions would be limited and are not nationwide. They comprised of special wards, co-operatives of local public entities, properly wards and local development cooperations.

In Japan a local public entity consists of an assembly as its legislative organ and a head executive (a governor in the case of a prefecture and a mayor in the case of a municipality and administrative committee as executive organs. A legislative organ decides upon matters such as bylaws and budgets, and executive organs implement the actual administration in accordance with the decisions of the legislative organ. The head of executive and members of the assembly are elected directly by residents, both having their own powers on equal term. The maximum number of members of assembly is 130 for To, from 40 to 120 for Do, Fu and Ken, from 30 to 100 for Shi, from 12 to 30 for Cho and Son. The term of office is four years.

In Malaysia the system of government is divided into three tiers i.e. the Federal, State and Local governments. Local Government for the third tier, and being creations of the state governments is intra-sovereign. Local government in Malaysia (Peninsular Malaysia) comprises both Municipal Councils and District Councils, with Municipal Councils located in the urban and city centres and District Councils mainly based in the rural areas. Determination of the status of Municipal Councils or District Councils is based on certain criteria and guideline. The based-line distinction is that Municipal Council has annual revenue of not less than Malaysian ringgit (M\$) 5 million and serve populations of more than 100,000 people. While for District Council is that annual revenue is less than M\$5 million and serve populations of less than 100,000 people.

Being the creation of the state governments, local government in Malaysia is administered by state-nominated Councillors and geographically encompassing a small portion of the country. It is infra-sovereign, subordinate and subject to the control of the state government, yet is a separate legal unit with powers to sue and be sued, and mainly providing obligatory Municipal Services.

Prior to restructuring of local government in Peninsular Malaysia, there

were about 374 local Authorities classified into various categories of local councils such as Town Councils, Town Boards, Rural District Councils, City Councils, Municipal Councils, Local Board, Town Board, etc. One common characteristic of these various types of local government is the fact that most of them was small entity controlling a small area. This characteristic hindered the effective and efficient discharge of their functions and because of the large number with control of small area invariably created numerous problems to themselves such as the shortage of fund, lack of trained and professional staffs and others. In view of these problems, the Federal Government commissioned a Royal Commission to look into the working of the Local Authorities in the Peninsular Malaysia in the year 1964 and produced a report in December 1968. The report called Athi Nahappan Report. One of the many recommendations put forward by the Report to the Parliament is the restructuring of local government in existence at that time into larger units through amalgamation of smaller units and at the same time a set of basic law to be formulated and used by all the local government to replace the numerous legislations is used. Thus, the restructuring aims at creating and consolidating the local Authorities to have capability to support a reasonable institutional structure for effective and efficient discharge of its intended functions to meet the need of the local citizens.

As a first step forwards restructuring of the local authorities in Peninsular Malaysia, the Federal Government using the powers of the Parliament to make a uniform federal law in local government, enacted the Local Government Act (Temporary Provisions), 1973 (Act 124) to effectively change the structure of Local Government in Peninsular Malaysia and to suspend the local government election and the elected local councillors to become members of the management board. This act was later replaced by a more comprehensive act i.e. The Local Government Act, 1976 (Act 171). Two other parent laws enacted were The street, Drainage and Building Act, 1974 (Act 133) and the Town and Country Planning Act, 1976 (Act 172).

During the process of restructuring (1974-1988) with the adoption of the local government Act (Act 171), there exist only two types of local Authorities in Peninsular Malaysia, namely the municipal councils (MCs) and the District Councils (DCs). The Act also provide for a city council but the conferment of that city council states is only after the concurrence of the conference of Rulers and conferred by the supreme King of Malaysia or the Agong. The local authorities are now chaired by either a Mayor for a city council or a President in for a municipal or district council (with the ex-

ception of the City Hall of Kuala Lumpur, formed under the Federal Capital Act, 1960, which is headed by the Commissioner for the city of Kuala Lumpur). The Local Government Act, 1976 also provides for the appointment of not less than eight and not more than twenty-four councillors and a mayor or a President to sit on the Full Council of Local Authority. At present there are 95 Local Authorities in Peninsular Malaysia.

The restructuring of local authorities was carried out with the following objectives:

- (i) to ensure local authorities to become viable units and are able to provide effective and efficient municipal services for the local residents.
- (ii) to enable the local authorities to manage urban and sub-urban areas more efficiently and provide services commensurate with modern standard.
- (iii) to enable the local authorities to play a developmental role of implementing development projects, particularly the socio-economic and infrastructural projects.
- (iv) to transform the local authorities as the local planning authorities.
- (v) to ensure systematic implementation of town planning by local authorities and in line with the national development policies as directed by the upper level of governments.

The adoption of the local government act, 1976 with the structuring of the local authorities have given them added functions, together with the Town and Country Planning Act, 1976 and the Street, Drainage and Building Act, 1974, beyond the traditional role of "garbage" collector and sanitary inspector or general maintenance functions, to urban development and management functions. The expectation is for local government to play a dynamic role in national development as this coincides with its assured position. Local authorities by the provisions of the related local government laws may carry out a whole range of functions, limited only by their own ambitions and resources.

Basically, the functions of local authorities in Peninsular Malaysia can be summarized as following under five main categories, namely:

- (i) Environmental, which include collection and disposal of solid waste, recreational facility, street lighting, proper drainage and sewage system of the locality, beautification, public paths, etc. These services are obligatory function.
- (ii) Public Amenities where the local authorities could charge a nominal

- fee. This include services like the provision of abattoir service, veterinary service, transportation, public libraries, burial ground and crematoria, etc. These are discretionary services and functions.
- (iii) Public Health and Cleaning by providing basic public health and cleaning. Broadly falling into two areas, firstly, provision of services including sanitation, sewerage and maintaining general public health amenities and secondly, provision and sustaining a system of solid waste management, cleaning of drains and roads and general upkeep of the environment. The licensing of hanters, stall holders, shops and business (which of public nuisance and obnoxious in nature) is a mean to check on the cleanliness of eating premises as well as the general health of these operators. This function is obligatory.
- (iv) Social where it is mainly carried out by some larger municipalities such as maintaining of childcare centres and clinics under the health care services as well as providing ambulance services hearse vehicles. This function is of little significance due to placement of roles and activities under the purview and jurisdiction of social bodies under the state and federal governments.
- (v) Development. The Local Government Act, 1976, provides for further powers of the Local Authorities to partake in development words and programmes, although these are considered 'discretionary' by many. By and large the MCs and the DCs do not have the capacity in term of finance and manpower to carry out development projects. Project like housing, community halls, markets shop lots require substantial sums of money to build and maintain. At best they can construct small development projects like drains and road upgrading. Stalls and small or medium size markets.

FINANCING OF LOCAL GOVERNMENT FUNCTIONS

Major sources of revenue local government in Japan are local taxes, central government disbursements and the local allocation tax. In Japan, every ordinary local authority is authorized by the Local Tax Law (1950), to levy and collect several kinds of local taxes. The taxes levied by prefectural authorities are called "Prefectural Taxes" and those by municipal authorities called "Municipal Taxes."

Among the prefectural taxes are the Automobile Acquisition Tax, Light Oil

Delivery Tax, Hunting Tax and Water and Land Utilization Tax are earmarked taxes whose revenue should be spent only for such purposes as closely related to the tax resources. Among the municipal taxes are the Hot Spring Bathing Tax, City Planning Tax. Common Facilities Tax, Land Development Tax and National Health Insurance Tax are earmarked. Other important taxes for prefecture authorities include prefectural. Inhabitant Tax, Enterprise Tax, etc. and for municipal authorities include municipal inhabitant tax. Municipal Fixed Asset Tax, etc.

The other local taxes are called "Ordinary Taxes" whose yields can be used for any purposes of local government administration.

Among the Prefectural Taxes the Enterprise Tax has the largest share of 39.4% in Fiscal 1987. In the case of municipal taxes, the municipal inhabitants tax is the largest being 5.5% in Fiscal 1987 of the total municipal revenue from taxation. The revenue from local taxes account for 42.1% in Fiscal 1987 of the total local government revenues.

Besides revenue from local taxes, revenue of local government in Japan comes from central government such as local allocation tax. Local Allocation Tax is a distribution from central government to local government. Out of 3,300 local authorities about 97% receive Regular Local Allocation Tax. It is a kind of block grant-in-aid which is not earmarked for any specific use. The local amount of Local Allocation Tax is fixed at 32% of the total yield of the Income Tax, Corporation Tax and Liquor Tax. L.A.T. is divided into the Regular Allocation Tax (R.A.T.) and Special Allocation Tax (S.A.T.). This kind of tax is allocated according to a formula, the local amount of Regular Allocation Tax to local government whose standard levels of revenues are below those of expenditure so as to supplement the shortage of revenues. The Special Allocation Tax is granted to local authorities according to their extraordinary financial needs that cannot be satisfied by the allocation of the Regular Allocation Tax.

Local Allocation Tax in the fiscal 1987 account for 16.3% of the total revenues of local authorities.

Another source of local government revenue is in the form of central government disbursement. They are usually divided into three categories (a) disbursement to local authorities in relation to the national task dealt with by the local authorities as the Central Government agents (payment for agency tasks) (b) the central government obligatory share in certain local authority expenses and (c) the central government grants-in-aid.

When local authorities plan and carry out large-scale construction projects, they are normally unable to finance them completely by current re-

venues, and are forced to obtain necessary funds by issuing long-term loans, and act as one of the sources of revenues also.

In Malaysia, the three main enabling legislations impose a wide range of functions on local authorities and at the same time indicate revenues for Local Authorities to generate revenues needed to undertake their functions of the three Acts, the Local Government Act, 1976 is the most important instrument. The Act outlines the main domestic or local sources of revenues of Local Authorities as follows:

- (a) assessment rates, rent rates, licencing fees and other fees or charges that need to be paid.
- (b) all charges or profit derived from any commercial activities, services or trading that are carried out by the local authority.
- (c) all interest on any money invested by the local authorities or income derived from idle assets, and
- (d) any accrued revenue obtained by the Local Authorities such as grants, contributions, endowment and other sources.

Assessment rates refer to the rates imposed on the households/properties located in the local authority area. Their calculation is based on the 'annual value' and market sales value (or improved value). The rates to be imposed depends on the significance, use and status of each household/property. In case of those assets that belong to State and Federal Government, no rates are imposed but these properties shall be assessed for payment of 'grant-in-lieu-of-rates.' According to the Act, a new valuation list of properties should be completed every five year or within such extended period as the state authority may determine. This is the single largest source of revenue generated by Local authorities and most councils account for 50% – 60% of the total revenue.

Licence fees are fees levied by Local Authorities to regulate trading/commercial activities within the jurisdictional areas that can disturb or obstruct the public. Rental are charges or fees imposed on users for renting assets that belong to the local authority. Most local authorities rent out market space, good stalls, community halls and other council facilities. The MCs and DCs also collect parking fees which are included under rentals.

Bisides from internal sources of revenues, the revenues of Local Authority also come from external sources of i.e. from the Federal or State Governments in the form of grants. There are two types of grants, one is statutory grant and other is administration grants. Among the most important grants are the

Annual Grants, Project Grants and Balancing Grants. Launching grants introduced as the result of the restructuring of Local Authorities were given as outright grants with the purpose of helping the local authorities in upgrading capacities or buying equipments or machines to service their larger jurisdictional areas. The grant was based on a fixed formula i.e. the area and population of a local authority.

Annual grants are given by the Federal Government as a form of direct financial and in support of the functions of the Local Authorities. The grants are also based on a composite formula taking into account population and the revenue of Local Authorities, with a ceiling of M \$107,500 per year. It is also called "maintenance grants."

All roads which are not under the 'Federal Road Ordinance 1959' are considered to be state roads and are eligible for road maintenance grants, this also apply to those roads which are under Local Authority jurisdiction. These grants are calculated on the average cost of one mile of road, based on the minimum quality as specified by the Federal Government.

SOME ISSUES ON LOCAL GOVERNMENT FINANCE IN MALAYSIA

Sources of local revenue in Malaysia are insufficient to maintain the recurrent costs of local authority services. The main sources continue to be the assessment rates levied on properties, while others are licencing fees, rental and charges, and fines.

Local authorities presently are meant to be viable units, economically progressive and institutions on which the Federal Government could depend to spearhead development in the rural areas and provide better municipal services in the urban areas. They were to help the nation in its policy to bridge the gap between urban and rural and to achieve the goals of the new economic policy. Yet local authorities as a whole face serious financial problems and this has hampered their investment in the areas of development expected of them by the federal government. Some states governments appear to be reluctant to allow their local authorities to revalue properties to a reasonable rate because of political motive, and many local authorities still apply rates on the value determined many decades ago. Even when allowed to do so many have to abandon the operation through lack of qualified values and technical skill.

It appears that local authorities are accorded a low priority in term of finance. They prepare their budgets annually but more often then not the

amount requested is drastically reduced. The restructuring process has not contributed significantly towards increasing the revenue bases of sources of local authorities, and although Act 171 allows the authorities to borrow for development purpose (subject to approval of the state government), only those that have the capacity to repay the loan can borrow. The local authorities suffer from weak revenues bases. Their weak financial position do determine in their capacity to delive the services to the population. Fiscal needs outrun fiscal capacity: demand and expectation outrun the financial resources availability. They are still depending on the Federal Government and State Government to finance most of the development projects implemented in their areas. The Ministry of Housing and Local Government is still playing a vital role in getting more fund from the Federal Government to be given to local authorities.

CONCLUSIONS

Generally we can say that in principle that the concept of local governments in Japan and Malaysia is most cases are the same. But local government in Japan play a very much wider role compared to the rôle played by local government in Peninsular Malaysia. This due to the fact that every inch of land in Japan is belonged to local government either to the prefectural governments or the municipal governments. The role of governmental activities in the national economy has become more and more important in these years and greater and greater portions of govenmental activities have been put on the shoulders of local governments. The local government expenditure in Japan grow rapidly than that of central government after the World War II and, since fiscal 1953, the former has been larger than the latter. The enormous increase in local government expenditure during the last 30 years after the war has been caused not only by inflation but also by a great expansion of local government functional in various fields, encouraged by the spread of the idea of the "Welfare State." The local government in Japan has been able to carry out these added and wider functions effectively and efficiently because several measures were taken by the Central Government especially to help the local authorities suffering from scarce taxable resources. Revenue from Central Government come in the forms of many taxes which I have explained earlier. This can be done because Japan's national economy attained a rapid growth every year from 1955 to 1973, both the central government and local authorities were blessed with the increase in revenues from taxation.

On the other hand, in Malaysia, local government areas only occupy about 17% of local land area in Malaysia (Peninsular Malaysia). The rest either belongs to the State Government or the Federal Government. And we could see that more important roles are still played by Central Government and State Governments for the various economy. Although the purpose of restructuring of local governments in Malaysia is to make local authorities into viable units, but until now it is not really successful due to the lack of finance and qualified staff. The central government is not fully realized the role that local government played for the nation's economy and allocation given more often is not enough to cover the expenses for tendering services and to implement development project. Most of the local authorities their financial status is still very well, in most case expenditure exceeded revenue collected, so have to depend on grants from central government and state governments but the allocations given are also small.

However, the Central Government now is realizing the role that local authorities play in the nation's economy. through the Ministry of Housing and Local Government, we are negotiating for more funds to be given to the local government in Malaysia and thus has showed some positive signs.

