

## The Real Face of the Homeland of Local Democracy

Shigeru Naiki, Professor, Faculty of Economics, Teikyo University

The UK is the homeland of local democracy. Japan learned a lot of things from the UK. However, many leaders of British local authorities complain that the UK is a highly centralised country. What is the truth? "Is the UK centralised or decentralised?" In this article, the real facts will be cleared up by a comparison between the UK and Japan. We should learn about the essence of both countries in order to develop local autonomy.

### Introduction

On November 16, 2011, Queen Elizabeth II gave royal assent to The Localism Act. It was December 13, 2010, when this legislation was submitted to the House of Commons, so it was finally enacted after almost one year of deliberations in Parliament and through revisions in the House of Lords and the House of Commons.

While this Act can be taken as a move to aim for institution-building of “from centralisation to decentralisation,” there may be many who wonder why the UK needs such an act now.

They wonder if the UK has had a centralised government.

The United Kingdom, a cradle of parliamentary democracy, is generally said as the homeland of local democracy. Local residents decide all matters about their area on their own responsibility. They gather at churches and pubs where they talk their common issues. They make decisions and carry them out by themselves. Democracy has indeed spread from villages and towns.

The UK political scientist J. Bryce once said, “Local democracy is the best school of democratic government and the best guarantor of its success”, and the UK used to be introduced to us as the homeland of local democracy.

However, to this, people associated with UK local governments all respond with surprise, and say that Japan is a country of local democracy which respects local autonomy as set out in the Japanese Constitution. They make a snorting assessment instead that the local governments of the UK could be the “last colony” left for central government. Which is really the truth?

A change of government took place as a result of the general election in May 2010. The ruling Labour Party which served three terms slid down to become the second party, and the Conservative Party emerged as the first party. Its numbers in Parliament, however, did not reach a majority, and a coalition government with the third Liberal Democratic Party was eventually formed. This was because, at that time, not only party members but also the mass media and intellectuals were all in favor of a coalition government, with the perception that people wanted a strong government in order to reverse a budget deficit said to be the largest in Europe, except for Greece. They thought a coalition government with a wider base would bring about a stable government capable of accommodating in a wide variety of people’s needs and developing

appropriate policies to achieve them. As a result, the first fully-fledged coalition government in British history was born (Note 1). As a policy agreed by the coalition government, new decentralisation reform is about to be implemented under The Localism Act. Policies of decentralisation have a history of repeated fundamental reforms by the then-ruling government. The reforms have covered fundamental matters including the basic structure of local government (whether it should be single-tier or two-tier), the whole concept of mayoral election, and the relationship between the cabinet and local assembly, and reforms have been implemented through Parliamentary deliberations. There were diametrically opposed policies as well as consistent ones. It appears we can nevertheless see an essential idea of governance by the UK there at the same time.

This paper compares the local governance of the UK with that of Japan including the latest local government reforms which the Conservative and Liberal Democratic coalition government is striving for, analyses their actual status and background, and describes their features. Through this, I would like to make it clear what we ought to learn from “the Homeland of Local Democracy”, and what Japan ought to be proud of.

## 1. The United Kingdom as a country

As a person who has spent about eight years in the UK as a diplomat as well as a representative of a Japanese autonomy, I have deep respect for the Kingdom and its people. The UK, a cradle land of parliamentary democracy, has advocated liberalism, built the British Empire through the industrial revolution, and always led the world in a pioneering role under the banner “from the cradle to the grave” amid various worsening issues of capitalism. As symbolised by Newton, Watt, Darwin, and the largest number of Nobel laureates in the world, historic achievements by the British were immense not only in the aspect of state structure and political philosophy, but also in a wide variety of fields such as science, culture, philosophy and so on.

On the other hand, people who are not caught up in the tide of the times, respect traditions, and cherish their ancestral land including natural environments, willingly accepting such rules as one cannot cut one’s own tree without permission.

Without masochistically viewing their history of colonising many parts of the world, they have won world respect in a dignified way as a country of people of great pride.

Also, without a written constitution in the eras of written laws, principles and ideologies, and based on the accumulation of practice by ancestors without sticking to the concept of the basis of democracy in the separation of powers which we now take for granted, they have faced reality, placed emphasis on concreteness and substantiality, and created ‘Britishness’ which is sometimes called an old hand. The House of Lords of the UK has functioned as the Supreme Court, having the jurisdiction to accept appeals from civil and criminal courts. The Lord Chancellor is a member of the Cabinet who acts in line with the Cabinet as well as being the head of the Supreme Court and the House of Lords. That is, the same person was involved in all three powers. Although judicial power was separated as a result of the establishment of the Supreme

Court in 2005 in accordance with the Legislative and Regulatory Reform Act, it nevertheless makes us wonder why the birthplace of John Locke, an advocate of the separation of powers, has no distinctive separation of powers.

However, no one says the UK is not a democratic nation. Without a cabinet law, the Prime Minister is appointed by Her Majesty as customary and forms a Cabinet. The UK is a nation of Parliament sovereignty centered on Parliament rather than that of the separation of powers. As French political scientist de Lorme put it, “A parliament can do anything but make a man a woman, and a woman a man”, Parliament is practically the highest institution of the UK. Similar situation can be seen in local politics as well. Council itself is a local government in the UK, just as Liverpool City is called Liverpool City Council. Similar to the central government, local government of the UK is a part of party politics, and the party which gained a majority in the parliamentary assembly election becomes the ruling party and its leader becomes a mayor. (As mentioned later, there are only 13 local governments which elect their mayor through direct election by residents). There is nothing like a dual representation, and the ruling party and its leader represent the local government. It is quite clear in this respect, and there is no confusion.

Unlike Japan where the central government is under a parliamentary cabinet system with local governments under a publicly elected head and parliamentary system, both central and local governments are under a parliamentary cabinet system on the basis of party politics.

## 2. Comparison of local government system between the UK and Japan

What could be the reason why some associated with UK local governments self-mockingly call their local government “the last colony of the British Empire”? To see through the essence of the matter, it is significant to analyse the actual situation and background of UK local governments in comparison with those of Japan. Along with this, I would like to evaluate the characteristics of the respective local systems in both Japan and the UK.

### (1) The difference of local governments between the UK and Japan

Boldly comparing local governments between the UK and Japan, we can summarise as follows:

#### a. Difference in name

It is called Local Self-Government in Japan, whereas it is called Local Government in the UK.

#### b. Difference in state structure

Japan and the UK are both constitutional monarchies, but the UK is the United Kingdom comprised of England, Wales, Scotland and Northern Ireland.

#### c. Presence or absence of constitutional security

Japan has a written constitution and the UK has none. As for the position of local government, Japan's advantage is apparent superficially. The grounds for the argument would be the existence of constitutional security. As mentioned later, it is true that this brings about a substantial difference in practical sense as well. However, the basic concept of Constitution clearly exists in the UK, which must also be noted.

The Constitution of Japan is a written constitution, and has supreme laws and regulations classified into an entrenched constitutional provision of which the amendment is extremely difficult. It gives a high level of stability to Japan's government structure by declaring the principle of local autonomy, and giving local governments institutional security. To start with, it is extremely important and it is a fundamental issue as to whether, and with how much flexibility, contemporary rulers can change the interrelationship between the central government, a governmental entity, and local governments. In the case of Japan, while controlling centralisation of authority with the separation of powers from the lessons of the past, in the relationship between the central government and local government, institutional security based on the "principle of local autonomy" was made a constitutional requirement under the publicly elected head and parliamentary system. It is not too much to say that in the case of the UK, the then-ruling Parliament decides everything.

#### d. Presence or absence of legal constraints

Laws enacted by the British Parliament and unwritten laws serve as a basis for a local government system.

In the UK, as a point largely different from Japan, there is a constraint of authority for local government. To be specific, local governments of the UK may, in principle, handle only matters individually authorised by law (Local Government Act 1972, etc.). Any action exceeding the authorised scope becomes illegal under the principle of *Ultra Vires*. To be judged as illegal, the case is brought to the court by residents or Audit Commission, and it must be declared by the court to that effect.

However, a drastic change was made to the above rule. The Local Government Act 2000 made it possible to freely implement policies in the three areas (economy, social welfare, environment) concerning the promotion of welfare for the regional society and residents under a certain constraint. The jurisdiction coverage is still extremely small as compared to Japan, but it was nevertheless an epoch-making and remarkable development for the British local government. And, as mentioned later, The Localism Act has been amended to grant the local government "general power of competence" to make the local government look more like the system of Japan.

#### e. Difference in the local structure

Japan adopts, without exception, a two-tier system of prefectures and city, town and village. The UK also had a two-tier system of County and District originally, but Northern Ireland became a unitary system in 1973, followed by Scotland and Wales in 1996. In England, reflecting the history of Counties of metropolitan areas being abolished and converted into a unitary system during Thatcher Administration, the unitary system is dominant in metropolitan areas and two-tier in nonmetropolitan areas, resulting in the

mixture of both systems. Local government reforms have been tried. Backed by metropolitan area theory, efficiency theory, theories of accountability to residents and the type of resident service, integration into a single-tier government called 'Unitary' was intended in nonmetropolitan areas as well. This increased the number of Unitary local governments to some extent, but it was far from the conversion of the local structure into single-tier, and there has been no change in the mixture of two-tier and single-tier systems.

There is 'parish' in the UK which is the First-tier closest to the residents with the right of taxation, but it is not generally included in the local structure as it is not found in the city areas, and has limited function and so on. The reforms by Blair and Brown Labour Party Administration enabled all areas including London to establish an organisation similar to a parish, but it is left for each area to decide and it does not necessarily mean it will be established in all areas. Its authority also differs from one area to another. Therefore, even after the reforms, there will be no change to District and Unitary government which will remain an equivalent of what Japan terms "city, town and village as the fundamental local government". This will be the same after the enactment of The Localism Act (Note 2).

While the inclusion of the Regional Assembly which is a local assembly at a regional level (by dividing England into nine regions) in the tier of the local government has been denied for lack of assembly by publicly elected members, even if a public election system is adopted for ex local assemblymen (up to 70% of the total) in the future, negative views are dominant among intellectuals because of the ratio of publicly elected members, function with joint institutional characteristics, etc. (The original scheme of the Labour Party government was to adopt a public election system for the conventional Regional Assembly, and make it upper tier with unitary local governments underneath, but it ended in failure) (Note 3). As mentioned later, the coalition government has adopted a policy to abolish the Regional Assembly through The Localism Act, and return the regional strategy planning and formulation function to local government.

#### f. Difference in scale

As of 2011, the great Heisei mergers have decreased the number of cities, towns and villages in Japan to 1,719, but it is still much more than 468, the number of basic local governments in the UK. The population per organisation is 70,000 for Japan, which is smaller in size than the UK with 128,000. The number of UK local councillors representing those residents is also relatively small.

#### g. Difference in powers

While almost all authorities on home affairs were allowed in Japan, authorities have long been limited to those granted by law in the UK. Besides, seeing recent history, matters under the jurisdiction of local governments have been transferred to the central government or independent administrative institutions, and have consequently decreased, as in the case of nationalisation of the National Health Service (NHS).

The trends of the transfer of powers of local governments include: transfer of affairs on hospitals and clinics to National Health Service (1946); nationalisation of city gas project (1948); transfer of a regional water project to a regional agency (1973); transfer of first aid services to the NHS (1973); transfer of

general higher education (1980, 1992); privatisation of regional consulting (1993); community care reform (local government shifted from provider to regulator by utilisation of the private sector) (1993); and transfer of regional planning authorities to the Regional Planning Body and Regional Assembly (2004). The role of local governments on health has also been limited to a part of social welfare, and the education reform of 2006 has deprived local governments of their position as the entity of school education (Note 4).

#### h. Difference in economic status

In Japan, the total for the central and local governments (including social security funds) accounts for 24% of the GNP and among them, 13% of local governments accounts for three times more than the central government (4%) and registers as high a ratio as the federal government. On the other hand, in the UK, local governments account for only 9% of the GNP as opposed to 40% for the central government (the total expenditures by British local governments was 130.2 billion pounds or approx. 27 trillion yen for fiscal 2004, accounting for about a quarter of all national public expenditures and 10% of national income).

In Japan, local governments far exceed the size of the central government in both government final consumption expenditures and public capital, and this is characterised by the fact that 80% or more of social overhead capital is being provided by local governments.

#### i. Difference in regional tax sources and different tax rate by local government

In Japan, there are many regional tax sources, the total amount of which accounts for almost 40% of the total revenue, whereas Council tax is the only regional tax in the UK, and the ratio to the total current revenue is only 25% (England: the total current revenue for fiscal 2004 was 20.3 billion pounds out of 83.8 billion pounds). That is, the independent revenue ratio is extremely low and is ranked in the lowest group among OECD countries. The non-domestic rate which used to be an important revenue for local governments (15 billion pounds was distributed to England for fiscal 2004; 15% of the total subsidy) was made national tax in 1990, and frequent requests of local governments for returning it to regional tax kept on being shelved.

While the residence tax of Japan is practically unified into a standard taxation rate, the Council tax of the British local governments has a different taxation rate by local government, and the rate is determined every year when the budget is compiled by each local government (Note 5).

#### j. Difference in position of the direct public election mayoral system

It is constitutionally required in Japan that assemblymen and the heads of municipalities be elected by residents through direct elections. The election system is specified by the law in the UK, and while local councillors are elected by residents through direct elections, most mayors are elected by councillors, and mayors by direct public election are found only in 13 local governments. The reforms implemented by the Blair and Brown Labour Party government intended for the expansion of mayors by direct public election, but because the direct public election mayoral system was not re-obligated, no change has been brought to

the status quo. The coalition government also amended The Localism Act to aim for its expansion. It was decided that 12 big cities in England would adopt a direct public election mayoral system on the premise of implementation of a referendum and sufficient examination by local councillors. However, there is a dominant skepticism as to whether local governments would actually proceed smoothly in that direction (Note 6).

#### k. Difference between legal status and actual status of local government staff

Local government officials are civil servants and have the same legal status as national government officials in Japan, but in the UK, only national government officials are civil servants and local officials have a similar status to private enterprise employees.

There are no such laws in the UK as the Local Public Service Act of Japan to provide for the special employment relationship with the public, and officials of local governments are, as in the private sector, engaged in affairs based on an employment contract between private citizens. From a practical viewpoint, however, basic employment conditions of local government officials are determined at a national level in such form as the Voluntary Collective Bargaining concluded between committee members of local government authorities as employers and representatives of workers as employees, based on which each local government determines employment conditions by respective job classifications taking regional and economic circumstances into account.

Policies of local government are specifically carried out by administrative office staff with a Chief Executive at the top. As of September 2006, there are about 2.24 million staff members in England and Wales, and female staff account for more than 70%. However, 40% of female staff are part-timers and their jobs are also centered on social welfare and educational job categories.

#### l. Difference in party colours in local politics

In Japan, it is local government that undertakes basic administration such as education, welfare and the fire service, and less difference in party policies results in party colour being not so significant. In the election of the head in particular, emphasis is on administrative capabilities rather than party colour, and there are many cases where a candidate run under such names as “party of the people of the prefecture” or “citizens’ party”, not belonging to any party, is supported by multiple parties and becomes the ruling party of the head.

In the UK, however, local politics is no different from the party politics of the central government and, with 90% of local councillors belonging to parties, is governed by the ruling party (many of the local councillors of the remaining 10% not belonging to parties are those of nonmetropolitan areas). The unified local election of May 2004 saw the number of local governments ruled by the Conservative Party increase, and the Local Government Association which is to reflect political power was put under the leadership of the Chairman Sir Sandy Bruce-Lockhart (Conservative Party leader of Kent County). At the same time, some of the Labour Party dominant local governments, hating the leadership of the Conservative Party,

withdrew from the Local Government Association. The system is such that the Local Government Association itself, a representative body of local governments, always reacts sensitively to political moves. In addition, there are many local governments ruled by the Conservative Party in the Counties, and the development to a unitary system is said to result in the abolishment of Counties, making the situation advantageous for the Labour Party government. It was for this reason that the Conservative Party consistently opposed the abolition. Therefore, the move to unitary system is frozen under the current Conservative coalition government.

There are some common basic concepts of the transfer of authority to local governments and decentralisation among parties, so it does not necessarily mean that they move uniformly as the ruling party changes, but each party develops specific strategies of their own in relation to the central election.

#### m. Difference in local assembly members (councillors)

At present, there are 22,000 local councillors in England and Wales (excluding Parishes). In the past, all councillors had the same role in the local council which acted as a legislative organ as well as an executive organ. As a result of the amendment of the Local Government Act in 2000, councillors were divided into Executives as an executive organ to plan and execute policies, and Frontline Councillors belonging to the Overview & Scrutiny Committee which evaluates and monitors the policymaking and execution status. The purpose was to define policy responsibility, but it is still different from Japan where the roles are distinctively separated between the head as an executive organ and the assembly as a legislative organ.

From the viewpoint that a “councillor is an honorary post”, councillors are not basically paid in the UK (however, salaries are paid to the councillors of the Greater London Authority). As a result of the amendment of the Local Government Act in 2000, it was decided that Executives including the Leader are paid a small amount of “special responsibility allowance”, and conventional “attendance allowance” was abolished. The ratio of female councillors in the local council is 30% in the UK. It is much higher than the 7.6% of Japan (figure in 2003), but it is urged to promote the participation of women even further (Note 7).

#### n. Resident participation

In Japan, a direct request system by residents is widely accepted as legal rights including petitions, recall of the head, resident audit request to local government authority, and request for enactment of bylaws. In the UK, a direct request system by residents is approved for asking about the possibility of introducing a direct public election mayors system, etc., and it is quite limited.

#### o. Support for self-governing policies, and presence and absence of diversity

In Japan, partly because of a wide variety of powers, individual local government policies are varied and diverse policies most appropriate to the region are developed, causing competition among local governments. In the UK, however, only the effect and result of measures are evaluated, and whether or not services to residents are effectively and sufficiently provided is everything that counts.

p. Difference in the methodology of a regional structural reform

In the UK, deliberations on reorganisation are made under comprehensive examination of metropolitan area theory, area theory, efficiency theory of administrative service and so on. If municipality mergers of Japan are taken as so-called “horizontal reform” among municipalities, it is “vertical and horizontal reform” in the UK, which includes both “vertical reform” accompanying the abolition of both County and District and “horizontal reform” to reform the size and boundary of local governments. Therefore, all local governments are interested parties, and reform must be discussed simultaneously in comprehensive and systematic deliberations.

Deliberations on the regional system are also under way in Japan in the total picture including the central and local governments, but in reality, mergers of municipalities were started first.

(2) Substantial evaluation of local governance between the UK and Japan – What Japan ought to learn from the UK, and what Japan ought to be proud of

People often ask me which local governments of the UK and Japan are more advanced. I have touched on a systematic comparison, but this is a question of how about substantially and experientially.

International exchange is no longer a mere ceremony. Administration of local governments is home affairs, but it is no longer treated as such nowadays. Particularly in Europe, through the unification of the EU, grants for regional promotion are made by the EU to the local governments of the UK, etc., and a transnational way of thinking is required as in the European Charter of Local Self-Government. International conferences are often held toward better systematic reforms. In addition to the regional reforms in the UK, reforms of regional structures of Scandinavian countries such as Finland and Norway are under way (Note 8). Not to mention the positioning of regions in the French constitution, many people of local authorities not only research the systems of other countries, but urge conventional sister-cities to join administrative evaluation to be a good analyst. The way the people of the local authorities see the local government administration of another country, who themselves endeavour in daily administrative enforcement under a common objective to improve public welfare for local residents, should naturally be severer and more appropriate. Such an analysis and opinions would not only help the other country, but also help them realise the ambitions of their own country and its issues.

I would therefore like to proceed with the substantial analysis of both systems by introducing the views of people including the Chief Executive of the British local authorities and leading Councillors.

a. Position of local governments

For the people of the British local authorities, it can be taken as a long-cherished desire to see the local government institutionally secured on the constitution as in Japan. In the Labour Party Convention of 2006, Chancellor of the Exchequer Gordon Brown suggested the establishment of a “British Constitution” as a

nominee for the next Prime Minister. He continued his speech with words respecting local autonomy. There were many people of local authorities who voiced skepticism about the speech, but like Professor Jones of the London School of Economics, expectations are also strong.

It is considered that as long as there is a constitution, excessive intervention by the central government can be avoided and the base is established for building a stable relationship between the central and local governments. The people of British local authorities are swayed by repeated reform discussions, and are rather tired. The details of reforms, up to basic matters such as the fundamental structure of local government (unitary or two-tier), how to implement mayoral elections, and the relationship between the cabinet and parliament of local government, have been discussed from a zero base, and substantial reforms have been realised through deliberations in Parliament. It is quite natural that they should think only if there were a constitution. In the light of many European countries in addition to Japan having a constitution and speaking of the importance of local autonomy, the deep thoughts of the people of British local authorities are understandable.

#### b. Relationship between the central and local governments

##### (a) Stability of autonomy which Japan ought to be proud of

The relationship between the central and local governments is one of the matters of serious concern for the people of British local authorities. They generally see the relationship between the central and local governments in Japan as “trustworthy and enviable”, and a “strong and mature relationship”.

The British local authorities are power-sharing local governments with the principle of local autonomy being not constitutionally secured, and have a history of fundamental reforms repeated by ruling government. The autonomy system is always subject to drastic changes according to the partisan interests of the ruling political party as well as of opposition parties.

I don't think it advisable for the autonomy system close to residents and their lives to sway from right to left or left to right with a change of government, which destabilises the society and causes concern for residents, resulting in too great an impact.

In Japan, fundamental matters are given institutional security by the constitution in terms of decentralisation of power, and it is explicitly mentioned in the Local Autonomy Act to authorise local governments to govern home affairs in general and respect autonomy. And the central and local governments cooperate and team up to implement administration. It is far better in terms of stability, because the field undertaken by local government constitutes the basics of everyday living for residents such as education, welfare, living environment, the fire service and the police, and it would also be unreasonable in terms of national governance to let them be unnecessarily affected so much by the political situation.

To add to this, Japan's direct public election mayoral system with many heads of municipalities winning wide support as a result of weakened party colour also causes local governments to distance themselves from rapidly changing party politics, and ensure stability.

## (b) Flexibility for reforms

This, however, is a reversal of the flexibility for reforms. In the UK, a nation of Parliament sovereignty, policies and systems may be changed according to the requirements at the time and the needs of citizens by amending the laws. For the publicly elected mayoral system, one of the focuses of the current British autonomy system, many people of British local authorities look puzzled to know that the present Japanese system is a constitutional requirement and its amendment requires constitutional amendments. A decision-making mechanism centered on the Councillors of direct public election is their tradition, and they consider a publicly elected mayoral system enforced uniformly by the constitution and imposing constraints on deliberation in Parliament to be an obstacle to flexible measures.

As for the conversion of regional structure into unitary system which is another focus of reforms, in response to introduction of deliberation on the regional system in Japan, they come back with the question “Is it not possible for Japan to abolish prefectures and convert into a unitary system with basic local governments like the British Unitary? Is the regional system really necessary?” At the Forum of the UK-Japan Local Authorities held in Edinburgh in January 2006, many leaders of Scottish Local Authorities raised their hands for questions asking for my explanation. Scotland has already shifted to the structure of a unitary system.

Many were surprised when I said, “Although there is no clear stipulation to prohibit the abolishment of prefectures, it is interpreted in most theories that from the regional structure at the time of the establishment of the Constitution as well as a long history of prefectures, the constitution itself does not expect prefectures to be abolished.”

Looking at the actual situations of the British central and local governments, there are no fundamental matters put into statutory form. There is no establishment law of the British Ministries, and once the then-Prime Minister decides to shift to a new ministry system today, it is carried out immediately. I feel the dynamics of party politics, as well as the political culture of placing importance on substance, to select what is most appropriate under the circumstances.

## (c) Infrastructure for exchange

The people of British local authorities are surprised to know the actual situation of human exchange between the central and local governments in Japan. They look as if it were strange to know that officials of the central government become Section Manager, Department Manager, Vice Governor, or deputy mayor in the form of personnel exchanges, work for the local government, and municipality staff undertakes power administration or important white papers as a member of each ministry of the central government. In the UK, it is not none, but there are few. However, a symbolic personnel shift took place in the UK recently. It was an assignment of the Permanent Secretary of the Department for Communities and Local Government. It has customarily been elected from among the senior officials of the government ministries, but Mr. Kerslake, Chief Executive of the City of Sheffield, was elected this time. From his rich experience in local government, his central role in local government policies is anticipated. Also, there have been more cases

where key officials of the central government become involved in the local government administration as an adviser or counselor after retirement. It does indeed show the buds of personnel exchange.

Unlike Japan, no periodic personnel transfer or regular recruitment takes place in the UK. If a vacancy occurs because of internal personnel changes or moving out, a substitute is basically chosen from among the public. The Chief Executive who is the top of those involved in administrative affairs is no exception, and chosen from among the public. Qualifications, technical requirement and experience needed for the job are made clear, and annual income is also indicated. Enough conditions for the right man to apply are established every time. Chief Executives are paid much higher than Members of Parliament, but in the UK, regardless of whether it is central or local government, there is no such concept as “the treatment of staff engaged in public affairs must not be higher than that of politicians”. Generally speaking, politicians are traditionally service-minded, and as they have another job, they do not need a high salary. There is a record that Prime Minister Tony Blair was ranked 86<sup>th</sup> in the public sector at that time. Conditions for each job type and position for the right person to apply are reviewed. There is no idea of treating officials uniformly.

#### (d) Tense and friendly relationship

The British local governments are always subject to evaluations by the central government and independent organs through administrative evaluation systems such as Best Value System and CPA System. They always face interventions by the central government, due to which a tense relationship continues. On the other hand, local governments highly esteemed for their administrative ability are given specific benefits including easing of audits and inspections, flexible operation of regulations and bolstering of financial support, and a so-called effort reward system has been established (Note 9). Also, through the local government official commendation system, local governments with good performance are given a position and honour as a target for all local governments. This commendation system is not implemented only by the ministry or agency in charge of local governments, but implemented in collaboration with multiple ministries and agencies involved in the particular policy of local government such as education and the police, so local government is therefore praised by the central government as a whole.

#### c. British local governments in the EU and local governments in Japan – Difference in the world environments surrounding local governments

Unlike Japan where local autonomy is likely to be considered only for home affairs, administrations by local authorities in the UK are in line with the total movement of Europe. The UK is one of the key nations of the EU as well as a main member of the Congress of Local and Regional Authorities of Europe, and ratified the Charter of Local Self-Government which specifies the framework of local autonomy. Consequently, the UK is regulated by the provisions of this Charter in many ways. Also, many UK local governments proactively utilise EU subsidies with a view to promoting development of areas left behind in economic development.

d. Big current of reorganisation and reform of wide-area government and wide-area local authorities

At present, there seems to be a big current of local government reorganisation and authority transfer in Europe. In reorganising local governments, it is noteworthy that in connection with the structural reforms of central government, reorganisation and reform of the wide-area organisation positioned midway between the central government and fundamental local governments have become a major focus in many countries including the UK. Deliberations on the regional system in Japan are also positioned in this world current of the times (Note 10).

e. Transparent process of decision-making and strength of local governments

(a) Strong sense of self-government, the difference in the local tax rates being a symbol of local autonomy

In the UK, individual local governments are often asked to express their opinions, and local governments always express their own opinions. For them, autonomy is something to think of by themselves, and not something to be trained by the central government even if any intervention may be there.

Therefore, there is no policy for the central government to lead local governments on their governance such as “Hometown revitalisation – one hundred million yen class (self-driven)” of the Takeshita cabinet of which I was in charge (Note 11). The autonomy of local governments is taken for granted, and the British local authorities consider the reduction of regulatory policies such as deregulation and the expansion of fiscal autonomy such as granting of regional revenue sources to be the means for expanding autonomy.

There is also a strong sense of the difference in the local tax rates being the local autonomy.

The tax and fiscal base of the UK is not so large as Japan, but the people of British local authorities are proud of determining local tax rates every year on an individual local government basis, and they consider the local autonomy naturally produces the difference in local tax rates. Unlike Japan, it seems difficult for them to understand that the tax rates for local governments are eventually the same across the board. There is no such concept as the standard tax rate in the UK.

(b) Transparent policy formulation process and declaration of intention by local governments

Advantages of the UK are that the formulation process and consultation process regarding new policies are transparent and extremely easy to understand, and new policies are shown by the central government systematically.

The national government shows basic principles of reforms first. Taking the local autonomy sector for example, the government released the policy agreement “10 Year Vision For Local Government” in July 2004. Reviewing respective authorities of the central and local governments as well as their relationship and expressing the view on what local government should be in 10 years to come, it clearly indicated its basic principles. The primary purpose of this agreement was to review the role of local government as a public service provider, and to collect and integrate a wide variety of opinions from every walk of life to see how to fulfill the role. This “10 Year Vision” not only puts together future goals, but also offers an opportunity to exchange free and frank opinions (Blue Thinking) about what local democracy should be like. This was

shown before the general election to give opportunities to interested parties including local governments, residents, enterprises, etc., to express their opinions quite openly. And in January 2005, the substantiating five year plan “Sustainable Communities; People, Places and Prosperity” was announced as well as its appendix “Vibrant Local Leadership”, indicating the significance and role of leadership, and suggesting a vision of the future leader required for the formation of a vibrant local society, and “Citizen Engagement and Public Service: Why Neighbourhoods Matter” to provide a similar opportunity. Later, integrated opinions were reviewed and analysed, and the government policy was defined in a form such as “local government white paper”. It is then made into a bill after consultations with relevant ministries, agencies and local governments. Bills are also subject to official consultations in this process with the Local Government Association, an organ in collaboration with local governments, and enacted through deliberations in Parliament.

Thus, without a written constitution, the process of policy formation is transparent in the UK, and government views are clearly indicated as are the opinions of interested parties in their response. The details and outcome of consultations between the government and the Local Government Association are also released officially, which is very clear to the people. Parties also express their opinions from time to time in each process through responsible persons (such as minister in charge of the Shadow Cabinet), and heated discussions take place.

This system in which the central government, local governments and political parties make their stance clear and speak out at the table of consultations ought to be highly-regarded as fulfilling responsibility in their respective positions.

#### (c) Role of representative organ of local government

In Japan, opportunities for consultations between the government and municipalities were provided in comprehensive reforms, but it is desirable that such opportunities be secured systematically throughout administrative measures. In the UK, while there is no clear legal stipulation on the consultations between the central and local governments, necessary consultations are taking place from time to time in the process of decision on policies, budget, etc., according to the requests of the local government side such as the Local Government Association. In Europe, particularly in Austria, consultations between the federal government and representative local authorities are legally prescribed in the 1988 Act of the Austrian Federal Constitutional Law on the roles of the Austrian municipality federation and the Austrian metropolitan federation. It is also said to be backed up in Denmark by means of an agreement, etc.

Under such circumstances, Japan enacted the “Act on the field of national and local consultation” in March 2011, and consultations between the central government and representatives of municipalities are to take place under the legal foundation. Japan got one step ahead.

The British Local Government Association assumes a key role in disputes between the central and local governments. Upon intervention by the central government in an underperforming local government, the British Local Government Association mediates between the central government and the local government

concerned, discusses with the central government, and proactively provides the local government with advice and support. Also, upon the actual intervention, the Association notifies the local government concerned of such decision by the central government and supports the local government throughout the course of its improvement plan, participating in the process of legal execution and having wide powers under contracts, etc.

There may come a time in Japan when the six regional organisations also assume an important role in future disputes.

### 3. Decentralisation policy of coalition government

The British local autonomy has the characteristics as mentioned above, but the most significant difference from Japan is that, as a result of party politics, it has gone through significant changes made by the party of the times.

The change of government in May 2011 brought about another reform to local government policies. Of course, there are portions basically maintained, but as a basic stance of the coalition government, the Conservative and Liberal Democratic coalition government criticised the former Labour Party government for promoting centralisation policies, and implemented systematic revision on several important points, showing their intention to make the transition to decentralisation.

#### (1) Basic stance of the coalition government

Decentralisation is clearly positioned in the agreement at the start of the coalition government as follows: "The coalition government shares the confidence that 'The era of big government has ended'. It is clear that centralisation and top-down policies have failed. The coalition government is convinced that the time has come for the UK to try to decentralise power. The only way to success is for the government to help people strive for a better living jointly. In short, it is our goal not to confine power and opportunities inside the central government, but to distribute them to the residents."

#### (2) Submission of a draft of the structural reform plan

In July 2010, the Department for Communities and Local Government released the "Plan for the Structural Reform Draft" on policies including decentralisation policy. As was evident in the campaign pledge of the 2010 General Election, despite the past considerable difference in decentralisation and regional policies between the Conservative Party and the Liberal Democratic Party as central parties, this draft reflects the adjustment of past policies of these parties, and is extremely important in its role of giving a new direction, as the coalition government, to the relationship between the central and local governments including decentralisation. This draft may be taken as epoch-making for indicating, in addition to principles, their supportive policy items and schedule, but it also lacks specifics and includes some policy items contradicting each other, requiring further review. The main contents can be summarised as follows:

a. Significance of the draft of the structural reform plan

Abolishing the past top-down goal-setting system by the Labour Party government and excessive intervention of the central government, this draft enables the relevant ministries and agencies to be accountable for the reforms incorporated into the coalition agreement and implement them. The reforms incorporated in the draft reverse the whole past concept of government, and transfers authority from the central government to residents and regional societies. Residents will come to have power to improve public services jointly with the government through a system of democratic accountability, competition, choices and social behaviours in the region.

b. Goal

The goal is Localism, and a true reform made possible by local residents collaborating in the local community.

Representing the central government, the Department for Communities and Local Government leads the essential transfer of authority from the central government to local residents. By granting people the floor, right of choice, local facilities and ownership of service to a greater extent than before, local decisions will become a part of natural civil life. By increasing transparency of administrative organs, people will know what is being done now, and who is spending public funds for what purpose. People want public service to achieve more for less cost, and we will increase the flexibility of local government to achieve it. This will help residents realise the *raison d'être* of local councils and mayors, and the region will be further vitalised by residents and local enterprises.

The reason for the reform is to give people the right to control the decisions affecting them, by themselves. We are convinced that people will be responsible for their own lives. The foundation will no longer be The Big Government, but The Big Society to create a society with stronger family and social responsibility as well as civil liberties. A small government which regained balance will improve people's lives, promote the reforms to flower, and give people the pride of being citizens.

By removing obstacles to Localism, the central government will implement only what is considered appropriate for its function. The reforms of the central government and public service are already under way based on the principles of Localism, and individual residents, and family, local community and the local government, will ensure Localism and lead to The Big Society. The reforms are achieved by these local people.

c. Localism and priority policies for the Big Society

The draft of the structural reform plan has a list of specific policies and a schedule. The main policies other than those embodied in the Localism bill are as follows.

(i) Transfer authority as much as possible

Trust residents, and let them control decisions about their own areas. For this purpose, transfer authority closest to nearby residents, facilitate citizen participation, promote ownership by the local society, and remove the burden of inspection on the local government.

To be specific, the first important point is to abolish local government organs. Abolish the Government London Office and also study the abolition of other government local offices in the review plan of expenditures. Also abolish the Regional Development Agency which has been in charge of economic policy, and return the regional plan formulation authority and housing plan formulation authority to local governments. To be abolished also is the Standard Board which has been supervising the behaviours of local councillors.

The second important point is the revival of a committee system of local governments. The type of administration with each committee of local government functioning as an executive organ had been adopted by all local governments in the past, but the system has been limited to small-scale local governments by amendment of the Local Government Act in 2000. Provisions will be embodied in the Localism bill to enable local government to return to the committee system if they wish (Note 12).

The third important point is to cancel the regional reorganisation plan which the Labour Party has promoted. This seems to reflect the intent of the Conservative Party which is against the unitary system (Note 13).

#### (ii) Fulfill people's hopes for housing

Simplify and speed up the present housing program, and give local governments the authority to implement strong and transparent incentive measures. Specific measures include establishment of a Local Housing Trust.

#### (iii) Local community to be responsible for regional programs

Give authority to local residents and the community to enable them to implement community renovation by themselves. To be specific, based on the Open Source Planning proposed by the Conservative Party and prior to the passing of the Localism bill, give authority to nearby residents to proceed with renovation of their community, abolish the regional strategy planning powers of the Regional Assembly, etc., through the Localism bill, and return the power to make decisions to local governments (Note 14).

#### (iv) Improve accountability

Free local governments from the control of the central government and field agencies, give more freedom and flexibility to local governments, and simplify their finance as well as deregulate, thereby reinforcing the accountability, democracy and participation of the local community.

Specifically, first of all, 12 metropolitan cities of England will be enabled through the Localism bill to implement a directly elected mayoral system in 2012 on the premise of the implementation of a referendum and sufficient examination by local councillors. Secondly, change the system of reporting various

information on local governments to the central government, to the system of reporting to local residents, and at the same time, abolish CAA (Comprehensive Area Assessment) and reduce inspections of local governments. Also develop choices for local governments to be released from the platform, regulations, financial system, etc., of the central government.

Thirdly, promote drastic authority transfers and establish fiscal sovereignty in local governments and community groups. Gradually abolish restrictions on how government tied grants are spent by local governments, and authorise to refuse supplemental increases of the Business Rate if it meets the opposition of most enterprises in the area. (By the “Business Rate Supplements Act”, wide-area local governments are authorised to increase tax rates with an upper limit of two pence per pound of asset value amount). And what is noteworthy is that through the Localism bill, residents are authorised to implement a referendum on the local issues to be embodied into the neighbourhood plan that is formulated, as well as to refuse excessive increase of Council Tax.

(v) Secure transparency of fiscal management

By releasing online data on the result of fiscal expenditures, information on who spent the public funds and for what purpose will be given to residents. Specific measures include: announce the performance data of all local governments held by the central government; for items of expenditure, contract and payment over 500 pounds, have local governments prepare to make announcements in a public and standardised format; on the job details and salaries for senior officials of salary class one and up, have local governments prepare to make announcements in a public and standardised format; and authorise councillors to make high salaries of non-elected local government staff subject to the decision of the local council.

(3) Submission of the Localism bill and its enactment

Based on the draft of the structural reform plan, legal matters were organised, and the bill was prepared. The Localism bill was presented to the House of Commons on December 13, 2010, and a Second Reading was held on January 17, 2011 to enter into practical deliberations by Parliament. After deliberations at the House of Commons and the House of Lords for almost one year, it was given royal assent by Queen Elizabeth II, and enacted as The Localism Act on November 16, 2011.

a. Principles of the Bill – From Big Government to Big Society

A big society is a natural product of people collaborating for the common good. The best contribution that the central government can make is to transfer authority, funds and knowledge to the people most appropriate for solving local issues such as local councillors, people who look after public services, social enterprises, charity organisations, community groups and nearby residents.

The coalition government therefore decided to promote decentralisation. This is the greatest scheme that the coalition government can offer to construct the Big Society. A definite decentralisation program is

required for the transfer of authority to the lowest echelon, and the Localism bill provides an important legal foundation for this program.

b. The government promotional system for decentralisation

Decentralisation is not limited to one ministry or agency, but is a task to be tackled with concerted joint efforts by the government under the leadership of Greg Clark, Minister of State for Decentralisation and Cities. The policies specified by The Localism Act will be reinforced by following up on approaches taken by respective ministries and agencies.

Local government fulfills the following important roles. The first is to become a recipient of the authority to be transferred, and the second is to further transfer that those authority to communities and individuals. (This is called the theory of double transfer of authority).

c. Main measures embodied in The Localism Act

The main details of legislation by The Localism Act are as follows.

(a) Ease government regulation, and try to “Remove the evil of bureaucracy”

I Abolish local policy objectives which have been set by top-down decisions, and respect democratic decision-making by communities. Eliminate a large volume of government documents, and bring plans reflecting regional unique visions to center stage.

II Abolish The Standard Board, and approve the establishment of a new system of self-discipline by local councillors.

III Abolish the current regulation for avoiding a charge of benefiting from the region, which has put constraints on the actions of local councillors.

IV Abolish the Comprehensive Area Assessment (CAA), Local Area Agreement (LAA), and Audit Commission which have been means of local government control by the central government, and were complicated and costly (Note 15).

(b) Give local governments and communities the necessary authority for their autonomous actions

I Give General Power of Competence to local governments.

This enables them to handle all except matters specifically prohibited by law. This will also enable local governments to formulate and implement policies freely according to particular local needs.

II To save local facilities in danger of being closed, local governments preferentially authorise communities to buy assets so as to enable them to own and manage the facilities concerned.

III Reform the regional planning system to give local residents new authority to develop their own community (Note 16).

(c) Expand the discretion of local governments on fiscal management

I Abolish the upper limit of the Council Tax set by the central government, and as an alternative, give residents authority to implement a referendum and refuse excessive increase over the standard amount.

II To meet the wishes of local businesses, grant local governments the authority to lower the Business Rate by themselves.

III Grant local governments the authority to collect Community Infrastructure Tax, and pass it on to nearby residents.

(d) Increase the variety of supply methods of public services

I Grant the community the right to operate public services in place of the local government. This enables the community to be concerned more with the provision of public services, and respond to the priorities of the region.

II Increase the opportunity for the community to purchase public facilities so that their organs may provide existing and new services by themselves. This diversifies service providers, and facilitates the adoption of inventive methods.

(e) Promote information disclosure for public surveillance

I Build a database to clarify the expenditure details of respective ministries for each fiscal year, thereby revealing cases of extravagance and waste.

II Publicise spending and tender information of all ministries and agencies for 25,000 pounds or more.

III From 2011 onward, local governments must publicise all expenditure items of 500 pounds and more.

IV Similarly, public institutions must aim for transparency of contracts, salaries and information on personnel management. They are also obligated to submit documents defining salary provision policies for senior officials to the local governments every year.

(f) Reinforce accountability toward local residents

I Parish is granted the authority to formulate important policies on their housing and commerce in the “Neighbourhood Plan”. The opinions of the local community can be reflected by means of a referendum.

II From 2012 onward, the directly elected mayoral system is introduced in 12 cities in England through a referendum (Note 17).

(g) Enactment of Localism Act and the government view

On November 16, 2011, The Localism Act was enacted following the royal assent of Queen Elizabeth II.

Several revisions were made in the course of deliberations by both Houses, but the last one was noteworthy. It was about the expansion of the authorities of cities. Namely, the government was given a Secondary Legislation to grant new authority to eight metropolitan cities other than London (Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle and Sheffield, which are called Core Cities) at their request when they formulate economic plans or establish a new City Region. The Local Government

Association reacted to this by disagreeing with limiting cities to only these eight metropolitan cities, but the government persisted to the end (Note 18).

On the day of enactment of The Localism Act, the Department of Communities and Local Government issued a statement. "The era under the control of White Hall has ended, and a historic day has come to return authorities to local people. Local governments and local communities are now released from the control of the central government by The Localism Act". Greg Clark, Minister of State for Decentralisation and Cities, also mentioned to a similar effect that "the centralisation system which existed for one century has come to an end, and authorities are now back in the hands of residents, communities and members of local councils". Johnson, the Conservative Party member and Mayor of London (former Shadow Secretary of State for Education) showed approval, saying, "The Localism Act provides substantial authorities to the City of London and 33 Boroughs. The time of excessive centralisation and state standardised administration is now over, and this marks the beginning of new local democracy". Well, will the matter progress in the way as they expect?

#### 4. Evaluation of decentralisation policy by the coalition government

We must bear in mind several important points in evaluating the British local system and decentralisation reform.

##### (1) Points to keep in mind upon evaluation

It should be noted that firstly, the UK has a big decentralisation and a small decentralisation. The former is an issue of local councils of Scotland, Wales and Northern Ireland, to which Prime Minister Thatcher kept refusing transfer of authority saying that the establishment of regional assembly threatens the foundation of the United Kingdom. On the contrary, the Blair Labour Party government established regional councils one after another, asserting the establishment of regional councils as being indispensable. From their historical background of being absorbed into England with power, national parties demanding independence or autonomy in the region were born, and their power has become stronger since the 1970s due to sending of their members to Parliament. Recently in Scotland, the Scotland National Party (SNP) standing for its independence has a majority of the Scotland council, and their movement toward independence has become even clearer. The same is true with Wales, and the Wales National Party is expanding its power and teaming up with the first party, the Wales Labour Party, to form a coalition government. In Northern Ireland, a long history of battles has finally come to an end; peace was realised; and autonomy was restored. The area is closely related to the independence of Ireland to start with, and the day will come in the future when their move will become more evident.

For successive governments, the most serious political issues have been the promotion of decentralisation and the maintenance of the United Kingdom, which requires extremely difficult approaches such as the extent of authority transfer, and involves the system for electing the members of the House of Commons.

The coalition government was fully aware of this, and in response to the announcement of the draft of the structural reform by the Department for Communities and Local Government in July 2011, the cabinet immediately announced the establishment of a committee to review the West Lothian question in connection with the decentralisation. It also announced policies to build a strong relationship between the central government and the local governments of Scotland, Wales and Northern Ireland.

To be specific: (i) start the process of executing the Calman Commission proposal on decentralisation for Scotland; (ii) in the light of the situation in Scotland, further promote decentralisation for Wales; and (iii) to keep in line with the British major systems, review the revision of the Northern Ireland corporate tax rate. This is a problem not found in our country, and the government is obliged to make the promotion of decentralisation policy, and the maintenance of the United Kingdom, compatible.

The small decentralisation of the latter is the decentralisation within England, but the situation is quite similar to that of Japan. Nine regions are similar to our prefectures, and the relationship between basic local governments and wide-area local governments is also similar to those between our cities, towns, villages and prefectures.

Also, the UK has an issue of urban renewal as a result of authority transfer to big cities, and is groping for a collaborative policy with neighbouring local governments with the City Region as its core. This is somewhat similar to our area independence resettlement plan and the system of metropolitan areas (Note 19).

Secondly, the difference in the situation of party politics needs to be taken into consideration. When speaking of institutional reforms of the UK, the interests of the two major parties, the Conservative Party and Labour Party, must be taken into account. Certainly, their regional policies toward the central government are similar to ours in terms of local democracy, but the controversy as to whether to adopt a unitary or two-tier regional structure is largely affected by the situation of parties ruling each local government.

The importance of local autonomy seems to have been established in Japan with a view that stable local politics are the basis of stable national life. In the UK on the other hand, as seen in the confrontation between the Thatcher Conservative government and the City of Liverpool (garbage was left uncollected for a long time in Liverpool, blaming the central government policy of rate capping for preventing increase of the local tax rate. The Conservative Party finally deprived the city council leader of its status), as well as that between Prime Minister Thatcher and Ken Livingstone of the Labour Party, Mayor of London, on the abolishment of Greater London (which resulted in the abolishment of Greater London), fundamental matters of the regional system are directly affected by the political confrontation. All conflicts of power between parties in the Parliament have made local politics unstable, and resulted in repeated reforms of the regional system.

Thirdly, it is about the power of British local governments. Local governments are given general power of competence by The Localism Act, and the people of British local authorities have welcomed this. However, they only have Council Tax as their independent revenue source which accounts for only 25% of total

revenue. This means that, even if they are given general power of competence, they have no alternative but to depend on the state for supporting financial resources, and the issue of the distribution of revenue sources must be resolved. It must also be noted that the general power of competence exclude matters prohibited by the state, and local governments are not allowed to impose any new taxes.

Fourthly, it is about the transfer of authority. The Localism Act has shown what the New Public should be, including the deregulation of the state, abolishment of specific grants, reduction of standard goal-setting by the state, and collaboration with private and volunteer organisations, all of which are considered to be common to us. We must bear in mind, however, that the case of the UK is under the theory of double transfer of authority from the state to the region, and then to residents.

It is not a battle for authority between the state and local governments, but a means to change residents from being recipients of services to their principal. In the past, as a result of prioritising administrative efficiency over local democracy by administrative reforms, the size of local governments has grown to be the world No. 1, making the distance between residents longer. It is now being attempted to shorten the distance by strengthening the authority of local communities and volunteers. The expansion of authority in parishes should also be considered a part of the policy (Note 20).

Fifthly, it is about a referendum system. The UK under the parliamentary democracy makes it a principle to have decisions made by representatives, and a referendum is quite an exception. Therefore, a referendum always required legal grounds and has been implemented for voting on participation in the EU and revision of the election system for the state, on the establishment of a local council for the region, and on the introduction of a directly elected mayoral system for local governments. By The Localism Act it is to be used to veto excessive tax hikes instead of abolishing the policy of controlling the tax rate increase of local taxes. This is something totally different, and has come to control the tax rate decision which should be under the control of Parliament, paving the way to the involvement of residents on individual matters. It has been debated also in Japan whether to approve the request for formulating ordinances on regional tax, but further sufficient deliberations will be necessary as to how to position the relationship between the council and residents. However, in the case of the UK, it was the capping authority that the government transferred to residents, and it is different from our situation in that it has an aspect of authority transfer from the government to residents (Note 21).

Sixthly, it is the expansion of the directly elected mayoral system. Although this directionality has been shown since the Blair-Brown Labour Party cabinet, there were still strong oppositions among local councilors, and a referendum was not likely to win a majority, resulting in implementation by only 13 local governments. Then, the coalition government forced amendments to directly introduce an elected mayoral system in 12 metropolitan cities such as Birmingham and Manchester. It is still doubtful whether the scheme will win a support in a future referendum. A referendum to vote on whether or not to introduce a publicly elected mayoral system has been implemented in 38 local governments so far and rejected in 25 local governments. All of the referendums have met rejections since July 5, 2008. Japanese intellectuals seem to regard the increased opportunity of elections in connection with resident self-governance as development of

autonomy, and they think residents will show their approval of the increased opportunity to reflect their opinions. However, it does not necessarily mean this in the UK. The reasons are: (i) the principle of indirect democracy has become popular and now that residents elect councillors as their representatives, they think it natural that their Leader be elected smoothly in the parliamentary cabinet system; (ii) direct elections tend to be affected by popular persons with little political competency or people may be carried away by a certain mood, and because of a small constituency, some candidate with extreme ideas may be elected; and (iii) there are too many elections like General Elections, European assembly members elections, borough/city/metropolitan-district councillors elections, town and village councillors elections, parish elections, and residents feel somewhat exhausted. Not only local councillors but also residents and those of the mass media appear to have similar opinions, and this is a different aspect from ours.

Seventhly, it is a fact that a conflict between the leader and assembly which is becoming problematic in Japan is not likely to occur in the UK.

In the UK, councils were local governments to begin with, and the council was both a legislative organ and an executive organ. The Secretariat is to assist the council in its organisation and it is a unitary system, so to speak. As a result of the amendment of the Local Government Act in 2000, this council committee type is now allowed for only small-scale local governments with a population less than 85,000 (42 local governments) and yet, as a system to form a cabinet, the status of the leader of the ruling party in the council representing the executive organ of local government (“leader and parliamentary cabinet system” of 299 local governments) is overwhelming. The system of electing the leader directly (mayor and cabinet system) has not been supported by many councils, and even if supported, it was more often than not that the introduction of a directly elected mayoral system was rejected by a referendum (Note 22). This would be because there are many people who think local government management under the parliamentary cabinet system has been established not only in the central but also in local areas of the UK, and electing mayors separately from the election of councillors will result in confusion. The Blair-Brown Labour Party government and the present Conservative Party and Liberal Democratic Party coalition government both considered that leaders directly elected by residents could exercise stronger leadership, and anticipated a debut of directly elected mayors especially for the solution of problems in metropolitan areas. The directly elected mayoral system was adopted for the first time in the capital city of London, and under the Labour Party government, Ken Livingstone with his strong personality left achievements as symbolised by a successful bid to host the London Olympics. However, he had a feud with Prime Minister Blair, and they opposed each other in the same party. The Localism Act is trying to make 12 metropolitan cities the same as London, but it may cause clash antagonisms between the leader and council as seen in Japan. (It may not necessarily be appropriate to express our system as a two-tier representation). In the face of a conflict of policies between parties in the UK, clash antagonisms are feared between the leader and the council in the operation of local government if the leader is not from the ruling party of the council. The reinstatement of past council committee type and the amendment to enable not only small-scale local governments with a

population less than 85,000 but also other general local governments to adopt the scheme, may be the result of taking the situation of the British local politics and the intent of local councillors into consideration. Eighthly, it is the abolition of field agency. The Localism Act intends to abolish the Government Regional Office, Regional Development Agency, Regional Assembly, etc., to expand powers of local governments. Also to be implemented are reforms in the same direction as ours such as the basic abolition of specific grants and the reduction of state supervision, and its effectiveness is anticipated. However, it must be noted that authorities including those of field agencies were taken away from local governments, and they are just returning to where they were. In addition, we must not forget that, for a wide area administration by local governments, policies such as City Region and partnership policy are indicated to maintain a wide-area function by strengthening of collaboration measures between local governments (Note 24).

Ninthly, it must be noted that the councillors in the UK are basically unpaid. Until 1911, the members of Parliament in central politics were also without pay, and it is the same even today in the House of Lords. The members of the House of Commons are paid but only as much as officials at the level of assistant division chief, and their philosophy still remains as politics equals service. It is particularly evident in local politics, and local councillors are basically without pay. Councillors have their separate job, and that is the reason why council meetings are held from the evening toward the night. The idea of “local self-governance is serving the local community” remains firm in the UK, and councillors seem to be proud of such a status.

Tenthly, it is about central control. Unsited to the expression of the Homeland of Local Democracy, the UK is under extremely strong control by the central government. As mentioned earlier, Prime Minister Thatcher fired a senior councillor of the City of Liverpool. The state minister in charge is given a last resort to fire staff and councillors of local governments through necessary procedures in the event that the local governments, making it their mission to serve the people, cannot fulfill their duty despite their efforts for independent reconstruction on their own. In this instance, it is premised that there is an appropriate administration assessment and the external assessment system is functioning, which is said to be the world’s best. In fiscal aspects, the upper limit of local tax rates set by the government symbolised by Rate Capping and other control measures including inspections by the government and external organisations, pose a profound threat to local governments. Also, the description of the UK refers to the abolition of the bond issuance permission system by the 2003 amendment of the Local Government Act, and introduces a shift to a self-discipline system called Prudential Borrowing. Even if it is formally so, one should know that it is extremely difficult to oppose the intent of the central government through working out revenue support grants and loan resources of the Public Works Loan Board. In the light of only a 25% independent revenue source ratio, the control of the central government should prove effective. In short, the carrot-and-stick system is firmly in place, and underperforming local governments are given more inspections and less grants while local governments with good performance have inspection omitted, grants increased and performance commended.

In the local tax system, the Business Rate which used to play a role in local tax was made a national tax despite the strong opposition of local governments. Later, no matter how loudly local governments voiced

its return, what the Labour Party government did was to show some compassion for the redistribution of a national tax. In The Localism Act on this occasion, the coalition government granted local governments the authority to a lower Business Rate at the discretion of the region, but they still hold firm to the national tax (Note 25).

In Japan, due to the institutional security guaranteed by the Constitution, what is against the principle of local autonomy cannot be implemented even under the law. It is quite unlikely to intervene in the authority over personnel issues of local governments. What the central government can do at the most is to enact laws to impose a bond issue-limit on local governments by financial means, and give administrative guidance accordingly. It is difficult to implement differentials in the amount of grants, frequency of inspection, etc.

## (2) Total evaluation of British local autonomy

Reviewing what I have disserted, it is understandable that British local governments call themselves “the last colony of the British Empire.” For the UK where transformation including the basic structure of local government takes place frequently, it is a surprise to know that Japan has maintained the two-tier local structure since the Meiji era, and the number of prefectures has remained the same except for the special case of the reversion of Okinawa.

On the other hand, however, it is still the homeland of local democracy. We must not forget the history of British local governments, the pride of their staff, and how they have spoken out and argued with the British government. To add one more example, there are national grants as a yardstick to measure central control, but talking about flexibility with these formal figures alone may cause misunderstanding. The specific grants of the UK are not those of Japan tied up under the Act for Normalisation of Grants. Those specific grants distributed to local governments by each ministry are of course regulated by their objectives, but a certain flexibility is allowed for local governments as shown in the adoption of a calculation formula most appropriate to the characteristics of the region, thus trying for authority transfer the closest to the executing parties.

Considering that a formal comparison of foreign systems may cause misunderstanding, I tried to make the comparison as practical as possible in this paper. As mentioned at the time, while it is true that the central government has centralised control over the distribution of roles, the tax revenue system and other items, evaluation is also possible from the perspective of placing emphasis on local autonomy, and I think both views overlap.

As I mentioned in the practical comparison and analysis of the magnitude of power and sharing of roles by local governments, there is a clear sharing of roles in the UK. This is not unrelated to the issue of power. Japanese local governments certainly have a wide range of powers. In the case of Japan, however, how should the expansion of power by the previous agency-delegated function be evaluated? I don't think all is heading for the development of local autonomy. Consequently, the smaller power of local government does not necessarily mean that autonomy is less developed. Not only the magnitude of the power, but whether the details meet the needs for establishment of autonomous policies, must also be considered. As in the case of

the UK, there is a method of making a clear distinction on administrative entity and adjusting in the discussions with the central government or under the partnership system. In April 2007, the Local Area Agreement (LAA) was concluded in all regions of England. In response to this, Philip Woolas, Minister of State for Borders and Immigration, welcomed the scheme by calling it “a reform for the new decentralisation era of local governments.” He said, by utilising the scheme of the Local Area Agreement, “from 2008, local governments can use all restriction-free grants for achievement of the objectives of the LAA,” welcoming the expansion of the flexibility given to local governments. Emphasis has since been placed on the importance of partnership centered on the Local Area Agreement, and took the center position in the comprehensive policies of local governments.

Looking at both systems formally, the UK appears to lag behind Japan, but in a practical sense and in terms of local autonomy and responsibilities, it is no way outdone by Japan.

Especially, serving the people is regarded as a mission of local governments; the transfer of authority and promotion of streamlining must all meet the commitment to residents; the central government intervenes only when it is unavoidably necessary to do so in the situation where residents cannot benefit from appropriate service; and local governments closest to residents should fulfill all these roles. These will form a basis for understanding local autonomy by both Japan and the UK.

It is also worthy of special mention that the people who support local autonomy well realise the responsibility. For example, in a parish which is the closest to residents, local councillors and local government staff are striving together with elderly people and underprivileged people for the formation of a livable community. These people who support the area are doing very well. I was deeply impressed with their deep feeling for the community and service-minded attitude. The actual situation of the area and needs of its residents are best understood in the locally-based parish, and I feel their conviction to spare no effort in achieving them. As mentioned earlier, the local councils of the UK are basically service-minded with a tradition of local councillors being an honorary post and, in principle, without pay. The councillors of a parish are also serving without pay. The previous amendment of the law made it possible to pay parish councillors subject to the decision of council, but no council has decided to pay and the situation remains as it was. I can feel their sense of duty and pride unique to the UK in their attitude of making a contribution to the community with their experience of their mission, and taking it quite naturally. The remark of the UK political scientist J. Bryce, “Local democracy is the best school of democratic government and the best guarantor of its success”, makes sense when I observe it.

What the principles of The Localism Act aim for is to return to resident autonomy and local autonomy which are the very basis of democracy. Eric Pickles, Secretary of State for Communities and Local Government, loudly proclaimed, “Today is a historic day when the authority to control the lives of local people is returned from White Hall (central government) to local communities. Local governments are given general power of competence, and the local community and its people now have the authority to protect and develop their local assets.”

The direction is certainly right and we would like to expect such a development, but Pickles, Secretary of State, and Clark, Minister of State for Decentralisation and Cities, both voiced their honest opinion, “This is a big step toward decentralisation, but not at all the end of the journey for decentralisation. The government must further exert its efforts for the realisation of a United Kingdom with more tolerability and flexibility.” The basis of the centralised system still remains firm. While amendments were made to slightly expand the authority of local governments in the tax and fiscal system authorised for the central government, the powers of competent ministers, etc., to enable intervention in definite large-scale tax and fiscal authorities and authority over personnel issues still remain unchanged in principle. This is a big step toward the principles of decentralisation, but its practical realisation will require further involvement of the central government in the changes of systems, as well as steady efforts by local governments and local communities. If the people of local authorities do not spare their efforts in the development of local autonomy, it is expected that the day will surely come when the wall of central control falls apart.

In conclusion – A step toward the future of local democracy

There are excellent points in the local governments of both Japan and the UK, and also many points to learn from each other. There are many things that Japan can be proud of, and also many things worth learning from the UK. In April 2007, the draft for amendment and addition of the Local Government Act was submitted by David Miliband, Secretary of State for the Environment, Food and Rural Affairs. It was to grant the local government concerned the authority to establish a new organisation (Waste Authority) to collect and dispose of waste in an integrated fashion in wide areas, and this seems to be exactly what they learned from the Partial-Affairs Association system of Japan.

Provisions to grant powers to large cities were also embodied in The Localism Act but this, too, seems to come largely from our government ordinance city system. There has been no idea in the UK to expand powers of local governments according to the scale of the cities. Local governments of Japan have tackled the pollution problem, waste disposal problem, aging problem, etc., with a pioneer spirit, and there are many policies and results which we can be proud of as a world leader in this respect. On the other hand, the British system can be evaluated from the viewpoint of “the homeland of local democracy” as well as from the centralised viewpoint of “the last colony of the British Empire,” and we have learned a lot from them. There may be many areas where Japan sympathises with the UK in their attitude of politically and dynamically developing reforms amid the conflicts or agreements between the central and local governments, trying to achieve the objective of creating a warm, welfare-oriented state.

Coincidentally, both Japan and the UK have made one new step toward the future of local democracy.

I hope that the expanded authority of local governments, deregulation of the state, expansion of resident autonomy, etc., thanks to the enactment of The Localism Act by the coalition government will mark a huge step toward easing the solid centralised system of the UK of the past, and lead to the development of local democracy.

On the other hand, in Japan, systemic reforms to further develop local autonomy have progressed as shown in the opportunity for consultations between the central and local governments being legally established, and further advancement of decentralisation policies such as transfer of authority from the state and abolition of field agencies is expected.

The UK and Japan have many things in common under the political system of constitutional monarchy. And on top of that, there are wonderful people who devote themselves to local autonomy. I believe that their diligent effort and enthusiasm will no doubt contribute to the development of democracy in both countries.

(End)

## List of Notes

- Note 1 See “General Election of the UK and Establishment of Coalition Government” by Shigeru Naiki, lead-off article, Chiho Jichi, July and August 2011 issues.
- Note 2 See “The Great Administrative Reforms of the United Kingdom and Japan” by Shigeru Naiki, Gyosei 2009 (hereinafter called “My Book”), Chapter 3 “Reorganisation Movement of the UK Local Governments”.
- Note 3 See My Book, Chapter 4 “Movement of Decentralisation Policies in England”, Page 41 onward.
- Note 4 “State and Public Enterprises of the UK and Privatisation Policy” by Shigeru Naiki, Jichi Kenkyu, Vol.64, No.1 and No.3, 1987  
For educational reform, see My Book, Chapter 11, Educational Reform, Page 176 onward.
- Note 5 See “Present Situation and Background of UK Local Tax Reform” by Shigeru Naiki, Chihozei, February 2006 issue.
- Note 6 See My Book, Chapter 7 “Intention to Expand the Directly Elected Mayoral System”, Page 91 onward.
- Note 7 See “Actual Situation of the Local Assembly of Various Countries” by Shigeru Naiki, Chiho Gikaijin, December 2008 issue.  
See “Overseas Situation of Local Assembly” by Shigeru Naiki, Nikkei Global, January, February, and March 2008 issues.
- Note 8 See My Book, accompanying article, “Local Autonomy in Scandinavian Countries”, Page 296 onward.
- Note 9 See “External Assessment and Viewpoint of Residents – The UK Administration Service and New CPA System” by Shigeru Naiki, Chiho Zaisei, February 2006 issue.
- Note 10 See Note 8.
- Note 11 See “One Hundred Million Yen for One Village – You are a star in the home land” by Shigeru Naiki, Jichi Kenkyu, Vol.65, No.3 – Vol.66, No.5, 1989-1990.
- Note 12 For the administrative type of British local governments, see My Book, “The Great Administrative Reforms of the United Kingdom and Japan”, Chapter 10, Page 140 onward.  
For local government and regional development agency, see My Book, “The Great Administrative Reforms of the United Kingdom and Japan”, Chapter 4, Page 41 onward.
- Note 13 For the transition of local structural reorganisation, see My Book, Chapter 12, Page 201 onward.
- Note 14 For area policies, see My Book, Chapter 4, Page 50 onward.

Note 15 “The Standard Board” is what each local government is obligated to establish, which monitors whether councillors violate ethical norms that they should observe. The Standard Board for England was established for the state in 2001, which checks violations of code of conduct in local governments, and has authority to execute penalties such as suspension of councillor activities. For details, see My Book, Chapter 10 Page 150.

“Comprehensive Area Assessment (CAA)” is a developed version of Comprehensive Performance Assessment (CPA) to comprehensively assess the administrative service and management capabilities of each local government which has been implemented by the Audit Commission.

”Audit Commission” is an independent organisation established in 1983 to conduct external audit of the local governments of England and Wales. In addition to the prevention of unlawful financial acts, the overall affairs of local government are checked from a monetary efficiency point of view. (For details, see My Book, Chapter 14, Page 258 onward).

The Local Area Agreement system is a partnership project of the service agreed between local government and government regional office in a local area targeted for a wide variety of people concerned with enterprises, etc. (For details, see My Book, Chapter 9, Page 118 onward).

Note 16 See My Book, Chapter 13, Page 211 onward.

Note 17 For the details of the directly elected system of British local governments, see My Book, Chapter 7, Page 91 onward.

Note 18 For city policies of the UK, see My Book, Chapter 6, “Urban Renaissance”, Page 73 onward.

Note 19 For decentralisation to local councils and “West Lothian Question,” see My Book, Chapter 2, “Substantial Decentralisation and Authority Transfer”, Page 15 onward.

Note 20 For the development of parish and local communities, see My Book, Chapter 8 “New Approach of Resident Participation”, Page 101 onward.

Note 21 For the referendum system, see “What is meant by the UK referendum” by Shigeru Naiki, lead-off article, Chiho Jichi, September 201 issue.

Note 22 For legal procedures for adopting the directly elected mayoral system, there are three cases: (i) a referendum is carried out by the request of 5% or more of eligible voters; (ii) council immediately adopts it through its decision; and (iii) a referendum is conducted as a result of the decision by the council. In addition, if it fails to win a majority of votes in a referendum and is turned down, a new referendum cannot be implemented for the next 10 years.

The referendum to vote on whether or not to adopt the directly elected mayoral system was implemented for the first time on June 7, 2001 in Berwick-upon-Tweed (rejected), and implemented recently on July 4, 2008 in Bury (rejected). The following 12 municipalities and Greater London Authority (GLA) have adopted the directly elected mayoral system by winning a majority.

Watford, Doncaster, Hartlepool, Lewisham, North Tyneside, Middlesbrough, Newham, Bedford, Hackney, Mansfield, Stoke-on-Trent (currently not under the system), Torbay

Note 23 For administrative type, see My Book, Chapter 10, “Three Types of Administration Structure – Strengthening of Leadership in Local Governments, and Expansion of the Directly Elected Mayoral System”, Page 139 onward.

Note 24 City Region is an extended area of the core city playing the role of an engine for the economic activities of the whole living area, and attracting people in search of jobs and services (e.g. shopping, education, healthcare, and leisure). For details, see My Book, Page 75 onward. For partnership for city area collaboration, see My Book, Chapter 9, “Regional Development and Strengthening of Partnership”, Page 107 onward.

Note 25 For the administration assessment system of the UK and actual status of central control, see My Book, Chapter 14, “The Last Colony of the British Empire – Centralisation Method and its Background”, Page 247 onward.