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OF THE LOCAL ADMINISTRATION INVESTIGATION
COMMITTEE

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POLICY OF DEMOCRATIZATION AND SIGNIFICANCE OF THE CONFERENCE OF LOCAL ADMINISTRATION INVESTIGATION COMMITTEE

By

Yasuhiko SHIMA*

Foreword

While Dr. Masao Kambe's numerous scholastic contributions to the projected revision of the contemporary taxation and finance systems are of various importance, it is noteworthy that most of them are imbued with practical implications.

Although it should be readily conceded that the political situation in the pre-war Japan was never such that his theories could be translated into practice in their original shape, the policy of democratization which characterized the post-war propensity of Japan served to engender a circumstance where the famed scholar could bid farewell to his life of scholastic isolation with a good conscience and personally step into the arena of politics.

Following the end of war, Dr. Kambe, then the Mayor of Kyoto, was asked to assume the chairmanship of the Conference of the Local Administration Investigation Committee. His new assignment appeared more appropriate because of his dominant preoccupation with the issues of democracy and local self-government, inasmuch as the committee (hereinafter called the Kambe Committee in abbreviation) was an organ for investigation, planning and advising. In the following lines, the present writer wishes to commemorate the achievements contributed by Dr. Kambe in the light of the advices tendered by the Kambe Committee.

Before entering into any serious discussion of the issue, however, it should be noted that the committee's advices were principally occupied with the issues pertaining to a re-allocation of administrative affairs between the central and local governments. In view of this, the present writer wishes to begin his analysis of the situation with a study of the significance of such advices as pertaining, especially, to the relevant financial aspect resulting from such re-allocation of administrative affairs. Various appraisal of the advices are possible either from the point of view of the state and prefectures or from that of local

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towns and villages. So far as the present writer is concerned, however, the meaning of the advices will be studied mainly from the standpoint of towns and villages, including districts, the latter being especially spotlighted in connection with the post-war moves for democratization. Such limitation of the sphere of study in the present treatise bespeaks that the present writer, in dealing with the role of the Kambe Committee, is not qualified to pass a correct appraisal of these advices as a whole.*

II. Period of Rivalry Between Democratization and Bureaucracy.

As the Kambe Committee commenced its activity, the post-war Japan was facing a major turning point. Between December 22, 1950, when the Committee submitted its first recommendation on the "Allocation of Administrative Matters" and September 22, 1951, when it made its second report, a significant development had been witnessed: a peace conference had taken place at San Francisco in the autumn of 1951, while on May 1 General M. Ridgeway, Supreme Commander for Allied Powers, in an official statement, had empowered the Japanese government to review the Potsdam directives. In accordance with the new position enunciated by the SCAP, the Yoshida government, on May 6, appointed a Directive Advisory Committee, entrusted with the deliberation on de-purging and revision of the anti-monopolization and labor laws as well as that of the administrative organization. This would mean that Japan's monopoly capitalists were allowed to re-assert themselves at about this time. It was obvious, then, that the Kambe Committee was pre-destined to face a big difficulty from the outset, for such developments were only too manifestly to block the progress of its work.

Here, a review will be made of the situation which prevailed prior to these

* To clarify the role of the Kambe Committee, the provisions of the relevant articles of the Law for the Establishment of the Conference of the Local Administration Investigation Committee will be cited below.

Article 3. The Conference, for the purpose of implementing local self-government in order that national politics be further democratized, shall undertake investigation and planning regarding the adjustment of the administrative affairs allocated between the State and self-governing prefectures, towns and villages, and shall submit advices resulting from such investigation to the Cabinet and to the National Diet through the Cabinet.

Planning, mentioned in the preceding article, shall pertain to the following matters:

1. Adjustment of administrative matters allocated between the State, on the one hand, and prefectures, cities, towns and villages, on the other.
2. Adjustment of matters commissioned to local public organizations for execution.
3. Reform of the system concerning the State subsidies in connection with the business of adjustment mentioned in the two foregoing paragraphs.
4. Such matters as required for adjustment of matters allocated between the State, prefectures, cities, towns and villages, other than those matters already mentioned in the foregoing three paragraphs. (These matters include those concerning the reform of the financial system and the merger of local towns and villages.)

developments, in an effort to clarify more vividly the significance of the inauguration of the Kambe Committee.

The period between Japan's defeat in the war and the 1950-51 term will be tentatively called here as the time of the rivalry between democratization and bureaucracy or monopolistic State powers.

It is generally conceded that the post-war democratization policy had to recede following GHQ's directive against the projected February 1 general strike (January 31, 1946), the anti-Communism statement issued by Mr. Loyal, U.S. Secretary of War (January 6, 1948) and, in the sphere of local self-government, the promulgation of Public Safety Law in Fukui City (July 7, 1948). It would be too naive, however, to discuss either progress or retrogression of Japan's course for democratization simply on account of such change in America's policy toward Japan. It might have been a result of internal confrontation among factions of GHQ. And, so far as the Japanese nation, as a whole, had embarked upon the road to democratization under the guarantee of relevant government measures, no overnight reverse of the course would be thinkable, inasmuch as the national move would be bound to serve as a support to the government stand. Even after the GHQ's directive against the February 1 general strike, the local self-government law was promulgated while the Home Ministry was ordered out of existence.

The local self-government law underwent several subsequent revisions. These revisions, previous to the Ridgeway statement, were all in the direction of giving impetus to further democratization, no manifestly reactionary moves being noted. The promulgation of the public safety law initiated in Fukui City was followed by the promulgation of the local finance law and that for the inauguration of school board, while steps were taken on several occasions for transferring the State assets to local self-governing bodies. True, the local finances were placed under strict restrictions by the "Dodge Line" while officialdom was shaken by the "Red purge" followed by the promulgation of the Law of Local Public Servants. In spite of this, and, side by side with this, however, a tax revision on the advice of the Shoup Mission was enforced and the Kambe Commission was brought into being. In the light of such developments, the present writer is inclined to contend that the establishment of the Kambe Committee was the product of a force working, both at home and abroad, for further democratization.

It should not be lost sight of, however, that the time of democratization coincided with a deepening crisis for Japan's monopoly capitalism. Inflationary measures were adopted, on the one hand, for the purpose of affording chances for a resurgence of monopoly capital, while, on the other, the war-time centralized bureaucratic organization, although undergoing various degrees

of metamorphosis by force of the contemporary democratic trends, was utilized to a maximum, and, thus, the fruits of the democratization policy were often thwarted to better suit bureaucracy's whims.

What, then, is the wartime centralized bureaucratic organization? As far as the financial aspect is concerned, it would be safe to assert that it was definitely brought into being following a revision of the central and local financial mechanisms in 1940. As seen on the side of local towns, the revision was characterized by the following salient features:

- (1) Regimentation of local administrative and financial organizations, and implementation of the system for adjusting local finances (system of tax distribution) in order that an equilibrium be brought into these organizations;
- (2) Implementation of the additional tax system of cities and towns.
- (3) Transference of salary payment to the prefectural government from cities and towns, half of which to be subsidized by the State; and
- (4) Abolition of the household quota and introduction of city and town tax defining the maximum imposition.

Summed up, these apparently aimed at the strengthening of State control on the local finances, especially its administrative and financial functions. Noteworthy was the reduction of the financial burdens traditionally borne by local inhabitants, particularly, farmers, as guaranteed by the provisions of the foregoing items (3) and (4), for the burden of expenses involved in the compulsory elementary education as well as that of the household quota has been on the shoulders of the local farming districts and their inhabitants. The reduction, however, was actually a precursor to the introduction of a new tax burden—in the form of a direct levying of the national tax.

Similar two-faced revision was also seen in a wartime reform of the agrarian administration undertaken at about the same time with the afore-said revision.

In 1939, the government, acting in accordance with the provision of the General Mobilization Law, decreed for the control of farmers' rental. In the following year, rice was placed under government control, which was followed in 1941, by the decrees for the control of farmland, of farmland price and of agrarian products. These series of government measures mean that important phases of agrarian production and distribution of farm products were placed under State control, and that the relation between the landowner and tenant farmer had to be adjusted in so far as such was necessitated for strengthened State interference. Thus, the effect of the wartime revisions of the local financial administrative mechanisms could be summed up in the following vein: while the traditional financial burdens on the part of farmers pertaining to the support of the compulsory elementary education, the household quota and ren-

tal were either abolished or placed under restrictions against further aggravation, a new burden was imposed by the State in the form of the levying of national tax and the forced delivery of cropped rice.

While the relation between the State and local towns and villages after the war, as far as the financial, administrative and agrarian administrative aspects are concerned, has undergone major changes, the centralized bureaucratic mechanism in evidence between them, in a certain aspect, has been further strengthened.

First, the vast effect brought in the status of local farming communities in consequence of the farmland reform and democratic local self-government should be cited among the most important factors accountable for the metamorphoses introduced after the war. It is needless to point out here that the farmland reform, different from the wartime re-regimentation of the agrarian administration introduced around 1939, effected a fundamental change in the political and economic position of the landowner in a farming community. And, this was largely instrumental in making the reform of the local self-governing system truly democratic. So far as the financial aspect of the reform of local self-government was concerned, the step was characterized by a gradual retrogression of the system of the additional tax enforced in 1939, and the allocation by the State of admission and entertainment taxes as a stay for its financial autonomy. While the system of the distribution of tax revenue was more and more strengthened, such probably should not be viewed simply as a means to enforce the wartime system of centralization. For the fact that more financial support is being given by the State to the local self-governing bodies at a time when a system had been established for public elections of mayors and townmasters, for the implementation of local assemblies and for a direct participation of local inhabitants in national and local politics, could mean that the State has come out with a stronger financial guarantee of local autonomous government.

Especially in the case of farming communities in Japan, it would be simply unthinkable that any degree of local autonomy functions as such without a financial backup by the State. This aspect will be made clear through a comparison with the financial situation which prevailed in rural communities in pre-war years, say, before 1940. In those years, the only financial guarantee offered by the State was in the form of the expenses for the compulsory primary education, which were paid by the National Treasury. Otherwise, the farming communities, then, were asked to pay for the increasing amount of commissioned national administrative matters through allotting an exorbitant sum of household quota. After the war, the situation somewhat improved: as far as the principle was concerned, the commissioned national business was

to be attended to with the distributed tax revenue and government subsidies. It would seem to be out of point to define rigidly that peculiarly local matters should be financed with independent locally-levied taxes, for, the present writer believes, the issue of local autonomy should begin with a democratization of local government, the question of whether local finances should be supported by the State or by locally-levied taxes being of a secondary importance.*

Survey will now be made of another aspect, where no such fundamental change has taken place, and where the wartime bureaucratic control was rather strengthened. For a post-war rehabilitation of the monopoly capitalistic institution, a guaranteed supply of cheap labor was absolutely necessary, which, in other words, implied that the price of rice should be kept at a low level. Encouragement was further given to the turn-in of the allotted amount of rice crops. Secondly, it was deemed necessary, for a similar purpose, that the financial institution be so re-constituted that funds may be sucked up from the farming areas to be poured into big businesses for their rapid recovery. This inevitably entailed larger amount of State taxes levied from the rural districts. In 1947 when this trend was at its height more than 80 % of the direct taxes paid by the rural communities consisted of State taxes, with local village taxes amounting to mere 9 %. Not only the financial funds but also private money were sucked up through the rural financial organs, which found their way to big banks and businesses. And, naturally, local loans were still kept under a rigid State control.

A new exploitation of the rural community through the strengthened requirements for rice delivery, the payment of State taxes and offering of funds for the recovery of big businesses amounted to such an extent that it was sufficient to offset the effect of local autonomy, of which mention has been made earlier.

The local communities, thus, were unavoidably forced to suffer an acute financial destitution. The independent taxes, allotted to them, remained nominal, and, they, as far as finances were concerned, had no other alternative than to seek aid from the State. Seen from this angle, the series of financial measures, already referred to, which were supposed to guarantee local autonomy, were, on the contrary, nothing but the tools in the hands of the State to sub-

* The same thing may be said of primary school education. The fact that in 1940, the State stepped in to relieve local cities and towns of their financial burdens to pay primary school teachers, would mean that education was placed under State control. Following a general democratization of local government and education after the war and the subsequent inauguration of the system of the school board, the afore-mentioned measure was suffixed with an added meaning that the expenses for compulsory primary education would be guaranteed by the State, and, as such, would appear to be consonant to the general trend for the democratization of the educational system.

ordinate and manipulate local finances. For example, the system of distributed taxes, subject to an unlimited discretion of central government officials, served, as a matter of fact, as a means to subordinate local governing bodies to the wills of the State bureaucratic benchmen in order that the centralization be further implemented. The subsidies from the national treasury, which had been mainly in the form of subsidies for rice delivery ever since 1940, came to include, as well, State financial aid to local farmland commissions, which, ironically enough, were more instrumental in further cementing the system of centralization and bureaucracy's hegemony, than the afore-mentioned distributed taxes. The situation had another ironical repercussion, for the very policy of democratization brought local finances into an aggravated condition of destitution, as exemplified in the case of the already-destitute rural communities being faced with the dire necessity of directly undertaking the construction of local school buildings. This, again, naturally tended to enhance the prestige of central bureaucracy.

The series of the offensive exploitation of the farming communities in the form of the forced rice delivery and levying of State taxes could not but evoke a strong reaction among the agrarian population, who, conscious of their common stand with the inflation-menaced factory labors, partially moved forward to stage a joint struggle with the latter. The exploitation of local finances and economy, especially through the retrenchment policy of the "Dodge Line" was to such an extent that even the authorities of local governments were in some cases seen to move in an anti-governmental direction. That, in the general election held in 1949, no less than 35 Communists were elected to the House of Representatives, although the majority of the Diet seats was occupied by the conservative Democratic-Liberal Party, should be taken as an indication of the situation then prevailing. It looked as though a major political landslide was in the making even in rural districts if the situation was left unchecked and unremedied.

Under the circumstances, it was a matter of urgency that the extent of State exploitation of local finances be reduced. And, such reduction could be obviously undertaken in two different directions.* One would be for furtherance of the post-war policy of democratization, while the other would aim at strength-

* About the directions mentioned above, it would be more to the point, in the light of the actual course of things, to say as follows. The move for democratization raised among the people progressed beyond the limits imposed by the Occupation policy and was directed toward a racial independence. Japan's monopoly capitalists, on the other hand, although favorably affected by the Korean War, were brought to become conscious of conflicting interests in their relation to American capitalists. Thus, they had no other alternative than to aim at an "autonomy" of their own interests at the sacrifice of the popular movement for racial independence. This, of course, meant that the people were deprived of the fruits of the post-war democratization policy.

ening the "autonomy" of monopoly capital. Significantly, the course adopted by the Japanese government, at this juncture, was the latter alternative.

III. Report of the Kambe Commission and After.

Before appraising the report of the Kambe Commission, it would be necessary to definitely take cognizance of the fact that Japan's politics, at this juncture, were heading toward either one or the other of the afore-mentioned two directions at the same time that the comprehensive reform carried out on the basis of the Shoup advice be correctly adjudged in the light of such course Japan's politics were about to take.

The policy of the "Dodge Line," aiming at a reduction of State control and of government subsidies and investments to local industries and governing communities, was evidently in the direction of a stronger "autonomy" on the part of Japan's monopoly capitalists, on the basis of which a new economic relationship between Japan and the United States was to be established. Progress, as far as this aspect was concerned, had been as projected following the business boom brought about by the Korean War and up till the time of the San Francisco Conference on a Japanese peace treaty.

The Shoup reform, compared with this, was pregnant with more contradictory elements, for it was seen to embody at the same time the two different directions mentioned earlier. The Shoup recommendations on a reformed system of national taxes, including a reduction of income and corporate taxes and on a capital revaluation, were obviously in the direction of a recovery of "autonomy" on the part of monopoly capital and capital accumulation, and, in this sense, were akin to the standpoint of the Dodge Line. The plan, on the other hand, was intent on pushing ahead popular democratization, and, through it, local self-government. The plan for a reform of local finances, as proposed by Shoup, however, was such that its literal execution would be out of question unless a re-distribution of administrative matters between the central and local governments was undertaken. Called a "re-distribution" of administrative matters, it actually amounted to a re-adjustment of the bureaucratic organization between the central and local governments.

Now, the issue of a "re-distribution," complicated as it was, was entrusted to the deliberations of the Kambe Commission, and that aspect of the Shoup recommendations which pertained to a projected reform of local financial institutions was singled out for a quick execution. Seen in this light, Shoup's statement, contained in the preface to the Report by the Shoup Mission, that "All of the major recommendations, and many of the minor ones, are interconnected. If any of the major recommendations are eliminated, some of the others will thereby become of less value, or even harmful." would apparently apply in its

entity to the reform of local finances recommended by Shoup himself. This is to say that the recommendation on a reform of local finances was simply impracticable unless it was accompanied with an equitable readjustment of administrative affairs between the central and local governments.

It is, thus, made clear that the commissioning to the Kambe Commission of a most complicated and difficult task, i.e. a re-distribution of administrative affairs between the central and local governments, took place at a most difficult time. In so far, however, as the Shoup recommendations were intrinsically contradictory, as described above, the recommendation made by the Kambe Commission could favorably compare with them because of its logical unity and cohesiveness, this, of course, being the result of the Commission having been entrusted with only the issue of democratization, and, hence, of the furtherance of local self-government. In some sense, thus, the Kambe report may even be adjudged as an expression of the concept typical of the age of democratization.

Now, the Kambe report started with a reiteration, adjustment and materialization of the principles of the re-allocation of administrative matters contained in the Shoup recommendations. These included, firstly, the principle of the clarification of administrative responsibility, secondly, the principle of efficiency, and, thirdly, the principle of the priority of local public bodies, especially, cities and towns.

The first principle pertaining to the clarification of administrative responsibility asks for a definitely-defined allocation of specific lines of administrative affairs to the State, prefectures and local towns, respectively, thus clarifying where responsibility regarding a particular sphere of business rests, and, for the provision of adequate funds for discharging such responsibility in a proper way. The second principle of efficiency stands for the contention that every line of administrative matter should be allocated to such an organ, which, in view of its structural scale as well as its administrative and financial position, is best suited to dispose of it in a most efficient manner. In the light of this principle, it would follow that providing for respective lines of administrative matter uniformly should be avoided as far as possible, and that the prefectural government should be allowed to intervene in case specific towns or villages are considered void of either administrative or financial ability to attend to a certain line of matters which should be disposed ordinarily by such sub-prefectural organs.

The third and last principle of the priority to local towns and villages provides for commissioning administrative matters, as far as possible, to the lowest-level administrative organ which stands closest to the people at large. In the order of priority, thus, municipalities, towns and villages will rank the first, fol-

lowed by the prefectural government and by the State, which will handle only such matters as may not be efficiently disposed of locally.

This principle automatically leads to the conclusion that measures should be taken to bring out a merger of local cities and towns just for the purpose of improving their administrative and financial position as well as rationalizing their administrative scale. The first recommendation contained a proposal, as an issue necessitated relative to a satisfactory redistribution of administrative matters, for effecting such merger, the criterion of population for each administrative unit being placed at around 7,000-8,000 people.

It should be noted, in this connection, that the merger of cities and towns is beneficial for strengthening local autonomy only when it is realized in relation to the afore-mentioned three principles. Their merger which has so far been brought about, however, has, in the main, amounted to a departure from these fundamental concepts in that political considerations running counter to the basic idea of democracy have in most cases been the driving motive behind the move, and, as such, it should be considered to have been a measure entirely alien to the proposal advanced by the Kambe Commission.

A study of the three principles makes it at once clear that the Kambe proposal was in manifest opposition to the whole range of the bureaucratic institution binding, vertically, the State, prefectures and local municipalities.

How, then, did the recommendation interpret the relationship between these three-stage administrative units? The recommendation said, in substance:

Where the modern economic structure has attained a certain degree of development, the relations between the State and local public communities are so complicatedly intertwined, that every line of local administrative affairs is liable to affect the State and become a target of national attention. This, however, should never be utilized as a sufficient excuse for refusing to place these administrative business in charge of the lowest-level administrative organ, which is most easily accessible to the people in general. In the past, however, the central government has consistently taken a stand that, because of their national concern, these administrative affairs should be placed in the hands of the State, while a faction of business was commissioned to local public organs, a proper disposal of which being made obligatory to the latter and the State exercising only the right of direction and supervision.

In short, the method and scope of disposing of administrative matters on the part of each of these three-stage administrative organs has been entirely subject to a decision by the State, which, on its part, has made it obligatory, by dint of law and subsidies, for these public organs to attend to a proper execution of the entrusted business. The routine, naturally, has made ambiguous exactly where the responsibility rested at the same time that the nation was left

in the dark as to how the taxes they paid were being used.

The recommendation, in an obvious effort to remedy the situation, suggests that the State, on the one hand, and local public organs, on the other, should divide their respective orbits of business through each administrative affair for which a responsible party is clearly defined, and extend cooperation to each other. Inasmuch as, however, most of the administrative affairs commissioned to local organs are of national concern and interests, the State should be expected to step in for a balanced distribution of business, with, if need be, advices and aid being offered. Again, in case the commissioning and execution of such business is to be obligatory, the State should define its scope and scale by force of law, while, provided a local public organ fails or neglects to properly dispose of the business, the State, as a matter of principle, should not interfere forcibly, allowing the situation to be remedied by force of the public opinion raised among the local population.

The afore-mentioned principles relative to a redistribution of administrative matters will automatically point to the pattern of a reform of the financial setup, without which no re-adjustment of business will be expected to function properly.

First comes the system of the independent tax. It is obvious that, with a clear definition of the scope of administrative matters commissioned to the three-stage administrative organs, each of them, especially local municipalities and towns, should be equipped with a system of such an independent taxation which will enable them, financially, to take care of the entrusted business. As a result of the re-distribution of administrative matters, the State and prefectural governments will come to have a much reduced financial setup, and, as a consequence and in proportion to the reduction thus effected, local cities and towns will be provided with considerably expanded financial sources, according to the recommendation.

Secondly comes the issue of the equalization grants. The recommendation suggests that, in order to allow the system of equalization grants to function in such a way that it will serve to adjust local finances at the same time that their autonomy is not interfered with, the basic financial requirements of a local public organ should remain within the limits that the execution of legally-commissioned administrative matters is enabled, with the excess over the basic revenue for the specific organ being covered with the equalization grants.

Thirdly, the recommendation, pointing out the tendency that the subsidies from the State are liable to turn into the means of State control of local finances and, thus, bring in confusion in the relation of administrative responsibility between the State and local public organs, advised that these subsidies should be curtailed as far as feasible and that local financial needs be met by general

revenue sources.

Fourthly, the recommendation, turning to the question of local loans, suggested that, as far as the fundamental principle goes, issuance of local loans, within the limits of the maximum issue ceiling, should be freed from the existing control provisions and left to the discretion of local public organs. It was also recommended that the way should be opened for a public subscription to loans issued, and that, as a means to assist financially-weak local organs, a public safe, specifically charged with shouldering such loans, be set up. Mention should be made here of the fact that the strict provisions of control in force have since 1951 been most instrumental in forcing local finances into the present condition of destitution and also that the Public Enterprise Financing Safe recently brought into being is an institution diametrically different in nature from what the Kambe recommendation proposed for.

In the first recommendation described above, a re-distribution of administrative matters, merger of local cities and towns and a reform of local finances constitute a logical entity and none of these may be dispensed with without harming the entity they make up. In so far as this holds, it was nothing less than a drastic proposal of revision of the existing system of bureaucracy. And, through the recommendation, an unswerving confidence placed in local autonomy and democratic institution could be clearly observed. This should be more significant in the light of the general tendency in Japan's politics in recent years, where indications are not few of local autonomy and democracy being placed in discredit.

The second recommendation is somewhat different in nature from the first. It has already been mentioned that interposed between the first and second recommendations was the statement by General M. Ridgeway, SCAP.

Apparently the Kambe Commission was thinking of re-revising the results of financial reforms undertaken in accordance with the Shoup recommendations if its suggestions regarding a re-distribution of administrative matters had been duly accepted by the Government. Actually, however, such was not the case: the proposal had not been taken up seriously by the Government. Despite this, the Shoup recommendations regarding revision of the local financial structure had already been put into practice. To make the situation worse, the conservative forces as well as bureaucrats, encouraged by the afore-mentioned Ridgeway statement, were energetically maneuvering to distort the very Shoup suggestions so as to make them better serve the purposes of consolidating the centralized system, this in spite of the fact that they, as well as the Kambe recommendations, had started from the standpoint of local autonomy. It was on this ground that the second recommendation by the Kambe Commission, while defending the principles underlying the Shoup recommendations, boldly criticized

the way they were being put into practice, which it considered erroneous and mistaken.

Most seriously affected by the Shoup reforms was the system of equalization grants, which embodied the most advanced concept and construction of local autonomy. Shoup's notion itself had a drawback. The system of equalization grants, as is well known, provides for the assessment of the basic financial requirements and revenue of a particular local public organ, and, in case the former surpasses the latter, for assuring the surplus by the national treasury. As was pointed out by the recommendation, the system makes it inevitable that a frontal conflict occurs between all ranges of central administration and the local financial setup inasmuch as the latter, in assessment, covers the entire sphere of local administration, comprising education, civil engineering, industry, economy, police and fire-fighting. Furthermore, it is only natural that all financial requirements on the part of a local public organ should be woven into the equalization grants, which, as a consequence, will come to be asked to play an unduly big role in local finances. The assessment units of the basic financial requirements, again, are often irrational, resulting in the ambiguity in the propriety of specific expenditures, which is only too often apt to be used for an excuse to shirk a reduction in the expenditures as required. This results in a failure by all parties concerned to be convinced of the propriety of the amount of equalization grants to be made available, and, consequently, in a quarrel between the central and local interested parties. This is liable to lead to giving room to the intervention by personal whims and caprices as well as to an intensified petitioning campaigns directed against the central government officials, such being what Shoup had hardly expected for.

Contending that the existing mechanism of the equalization grants assessment constituted one of the fundamental causes for the unbalanced expansion of local finances, the authorities of the central government strongly proposed a return to the old system of distributed tax. Thus, the chiefs of local towns and villages, who earlier had wholeheartedly welcomed the concept of equalization grants, now found themselves disgruntled with the way it functioned because, under the system, the required amount would not easily be appropriated, and, instead, turned to government subsidies, which it was obligatory to the central government to offer. None better did the prefectural governments fare in this regard. They came to look the more scientific system of equalization grants with utter discredit; they relied more on "petitionings," which implied their increasingly jealous approaches to the conservative forces in Tokyo.

The problem of how to keep the system of equalization grants functioning, thus, provided an occasion for the loss of coordination among prefectural and municipal governments, with local public organs, as a whole, being forced to

turn their back against democratization as a political concept.

The second recommendation submitted by the Kambe Commission, making a bold defence of the spirit of the equalization grants, focussed its attention on the remedying of its defects as a system. The effort reached to the conclusion, in effect, that the scope of the basic financial requirements should be within the range of such administrative affairs, the execution of which is made obligatory by law. It should be evident, however, that, for a clear definition of the obligatory expenses and the amount of equalization grants to cover them, a re-distribution of administrative matters and of independent revenue sources should take place among the three-stage administrative organs.

Following the submission of a report by the Government Decree Advisory Commission set up on the basis of the Ridegway statement, the projected revision of the Law of Local Autonomy assumed the direction for increased efficiency and rationalization of both central and local administrative organs, personnel retrenchment and a more pronounced centralization. This coincided with a rapid development of a political move on the part of monopoly capitalists for added autonomy. Moving along this line, steps were taken for a relaxation of rural exploitation by Statebacked capitalists, lessening of State taxes and forcible rice delivery. Substantially relieved by these series of measures as well as the fruits of the farmland reform, the agrarian communities, after 1951, found themselves in a position to receive special government subsidies in view of their sustained damages due to snowfalls and severity of weather, etc., and, as a matter of fact, moved to strongly support the Liberal Party, Mr. Shigeru Yoshida, its leader, being thus enabled to consolidate the foundation of his third cabinet then in power.

It was obvious, however, that the policy of distributing such government subsidies, amounting to meagre sums, among the rural districts, ran counter to the policy of administrative readjustment through both the central and local governments. Criticisms gradually gained momentum. "People's voice" against the policy of subsidies, proved weak in comparison with the voice raised in unison by such offices as the Ministry of Finance and the Board of Administration Control as well as leading capitalists' organizations. The latter gave impetus to the move for rehabilitation and readjustment of local finances. This, however, amounted to an attack directed against the inconsiderate spending of money on the part of local public organs, and, as such, was a political course emanating from a fundamental distrust of the concept of local autonomy and democracy.

In 1953, the policy of encouraging merger of local towns and villages was unfurled on a major scale. This policy, again, was a departure from the Kambe recommendation and was rather an exemplification of a concept running

counter to its spirit, for the move inevitably tended to allure towns and villages to the direction of further centralization, while placing the entire responsibility only at their doors. The circumstance had to be taken note of even by the central authorities concerned. An assertion that the successful execution of the policy for the merger of towns and villages, while the policy of a readjustment of central and local administration has so far failed to bear any fruits, should be a source of gratification as well as pride on the part of the authorities of local governments, quoted in "The Study of Self-Government," No. 1, Edition 31, should be taken as an affirmation that the policy of merger is more inclined to an eventual administrative readjustment rather to a furtherance of local self-government and that the party principally responsible for the alleged "squandering" of public money is even now left unmolested.

IV. Conclusion: Democracy and the Role of The Student of Social Sciences

The post-war policy of democratization, through many turns and twists, faced a major turning point in 1951. Although the popular moves for democratization had to be deprived, one after another, of the systematical guarantees in this respect, the movement in itself has never receded, and, in some instances, it may even be said to have trespassed the confines of the democratization policy. And, it would not seem entirely without significance to review at this juncture the recommendations submitted by the Kambe Commission, a body conceived on a fundamental trust in the concept of local autonomy and democracy.

Dr. Kambe was not the sole instance of scholars, who, willy-nilly, had to bid farewell to the secluded world of learning and step into that of politics. A number of other leading scholars of social sciences responded to calls to serve as members of Diet sub-committees, of either central or local administrative committees set up after the war or in the capacity of advisers to the political parties. Dr. Shoup himself, who was instrumental in bringing the Kambe Commission into being, was an expert of finances.

The following point should also be taken into consideration; in the post-war years when democratization was the signal mark of the times, the Japanese nation, probably for the first time in their history, although, initially, prompted under the protection offered by the Occupation Force, began to think about criticizing their old institutions, about the independence of scientific research and about embodying in themselves the freedom of learning, democratic conduct and ethical concept. Finding themselves in such environment, the students of social sciences in Japan were enabled to be freed from the pre-war and wartime constraints and boldly preach about free thinking and reform of the convention-

al social systems. Constituting one of the typical examples of the contemporary proposals for reform, the Kambe recommendations probably will have to accept criticisms as being too idealistic or fantastic. The blame, however, should be at the doors of the contemporary political current which failed to take the recommendations with a serious mind, than at those of the very recommendation or the concept embodied in these scholars.

After the particular period in question, even the American scholar, who had been reputedly the main stay and support of the policy of democratization adopted in Japan, is said to have remarked to the effect that the attempted reform of the Japanese local government system was simply an endeavor to adorn the Japanese framework with the "furnishings" of the American-version democracy. It was also reported that the American, who was directly responsible for the reform of Japan's local government structure was a mere uninitiated amateur. Aside from these irresponsible remarks, it is noted, Japanese students of social sciences were divided over the issue of local self-government. It should be conceded, however, that, so long as the political course continues to run counter to the spirit of democratization, no rehabilitation or reform, in the true sense of the terms, of local finances is possible. This being especially true in the case of Japan, the significance of the Kambe recommendations should be worth a renewed appraisal.