

Financial Challenges Faced by Kokubunji City : A Case Study of Municipal Finance in Japan

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Features of Kokubunji City

Kokubunji City, where 106 thousand people (46 thousand households) live, is a typical quiet suburban town in western part of Tokyo. Easy access to the central business district (30 minutes by express train) and pleasant surroundings rich in greenery attract higher-income people to live in there. The 1997 report of citizens' inhabitant tax (imposed following the national income tax computation of previous year) tells that in Kokubunji City 47,303 inhabitant taxpayers earned in total 221.3 billion yen (1 US\$ was roughly 120 yen) in 1996; and it is estimated that in 1997 around 370 taxpayers whose annual income was more than 20 million yen (roughly \$170 thousand) earned in total 13.7 billion yen; around 1,830 taxpayers whose annual income was between 10 and 20 million yen earned in total 27.5 billion yen.

The number of foreign registered residents of the city is only a little more than 1 thousand (mainly Koreans and Chinese). Wherever you walk in the city, people you see are overwhelmingly black-haired Asians. The rich and the poor live in a mixed way in the neighborhood.

Not only in Kokubunji City, but in all suburban cities in Japan, almost all citizens live in small detached houses or apartment houses with small living space of 2 or 3 rooms with dining room and kitchen called 2- or 3-DK. Since land is very expensive, especially in commercial and residential area, housing is a very serious problem.

In urbanized area, land for building consists of commercial, industrial and residential districts. "Statistical Survey on Land Ownership in Tokyo 1997" (published by the Tokyo Metropolitan Government in 1998 shows that in Kokubunji City 19,598 individual land owners possess 5,023 thousand square meters (roughly 1,240 acres) of residential districts. Among them each of 14,170 owners (72.3% of all owners) possess less than 200 m² which occupy 33.1% of the whole residential districts; 13.5% of the land owners possess between 200 m² and 300 m² which comes to 12.7% of the residential districts. In the U.S., 200 m² means one twentieth of an acre. It might be very hard to imagine for suburban people, for example, in Vancouver, Canada (standard lot size of middle income people is around 1,000 m²) or in Westchester County, State of New York, U.S.A. (minimum lot size for high income group is legally set often 4,000 m² or even 8,000 m²). In urban area of Japan, we have no land sub-division control and as urbanization proceeds, farmland is easily divided to large number of small residential lots.

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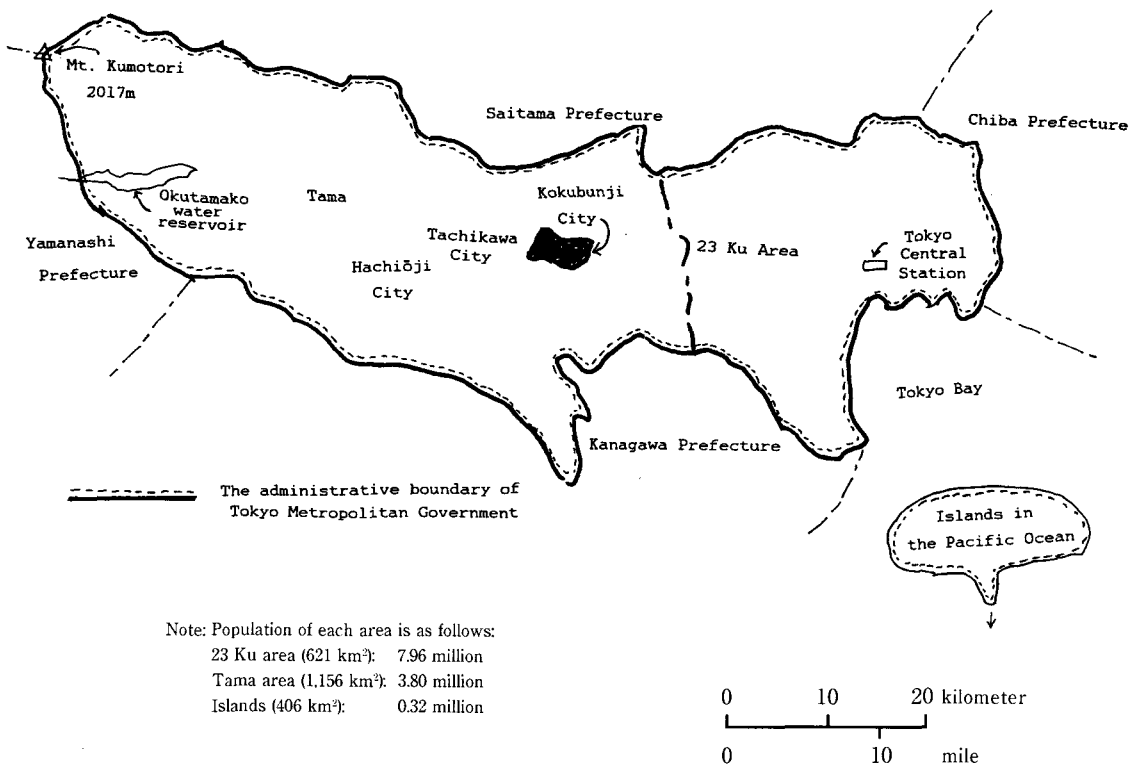
As mentioned, though many people in Kokubunji City live in small-scale houses with a tiny plot of garden, they are not necessarily poor – rather they are well-educated and high-income people enjoying rich cultural life.

According to the above statistical data, Kokubunji City has 9 big land lords each of whom owns more than 10 thousand square meters of residential land. These people are not necessarily rich: being mostly ex-farmers, their land had been gradually transformed from farmland to urban residential land. Now they must pay an enormous amount of property tax, land transition tax, inheritance tax, etc. Large scale of farmland is easily hashed up to thousands small scale urban residential lots.

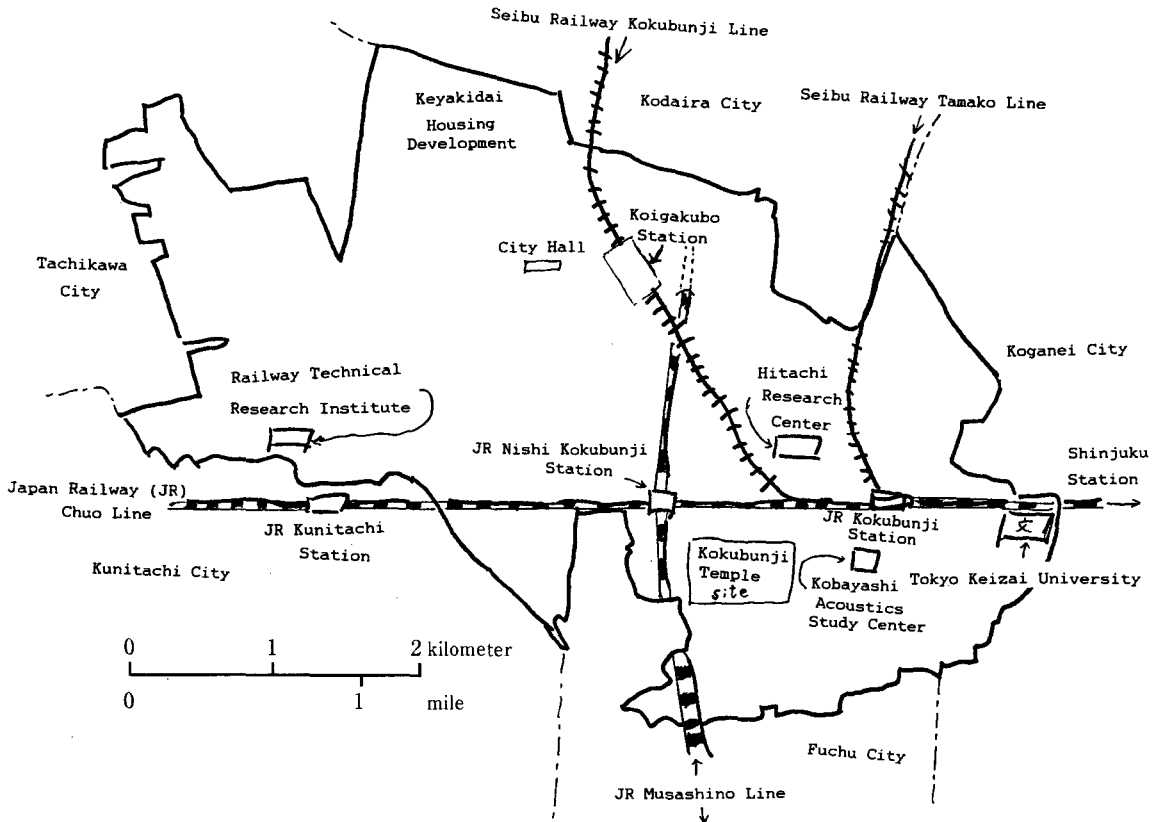
With these features in mind, the following article analyzes problems Kokubunji City faces at present.

1. Outline of Kokubunji City

Kokubunji City is located about 20 miles (30 kilometers) west of the Tokyo Central Station, which is regarded the center of Tokyo (Map 1: The Tokyo Central Station is comparable to Grand Central Station or the Empire State Building in the city of New York. Map 2 shows the general outline of Kokubunji City.). It is one of 27 cities in Tokyo's western suburban area of Tama, which has a total area of 446 square miles (1159 square kilometers), and which is about



Map 1 The Location of Kokubunji City in Tokyo



Map 2 Seibu Railway Kokubunji Line

the same size as Westchester County in New York. The area's population at present is 3.80 million, or four times that of Westchester County.

The history of Kokubunji dates back to the 8th century when a famous Buddhist temple (Kokubunji literally means 'provincial temple') was established. Following Emperor Shohmu's order in 741, the building of the temple was completed around 755 or 756 with the assistance of Korean advanced technology. Incidentally, in China's Tang Dynasty, Emperor Xuan zong indulged so much in a romantic life with his mistress Yang gui fei that caused An Lu-shan's revolt against the Emperor Xuan in November 755. The Emperor's beloved Yang was strangled to death in June 756 by the revolutionary army.

This Kokubunji temple was then the biggest and the most beautiful wooden building in eastern Japan, which was underdeveloped compared to western Japan where the then capitals were situated. Unfortunately the temple with its 200-foot-high seven-storied pagoda was destroyed by fire in 1333 during a civil war. Since then the temple building was never reconstructed, but we can still find cornerstones in the precincts buried some 1250 years ago.

All through the Tokugawa feudal period (1600-1868), and even until the 1950s, Kokubunji continued to be a typical agricultural and forestry area producing rice, wheat, potato, cabbage, taro and charcoal. Some parts of the area was covered by thicket.

In 1889 rural communities in the area were organized into the village of Kokubunji. It was

then promoted to a town in 1940, and then incorporated and became a city in 1964, the year of the Tokyo Olympic Games and when the Japanese economy was growing rapidly.

Since the end of the Second World War, many young people migrated to Tokyo from the countryside. Since the 1950s Tokyo's population expanded and spilled over into suburban Tama area. As Table 1 shows, Kokubunji City's population increased remarkably between 1960 and 1965, from 37 thousand to nearly 60 thousand. Our experience through the analysis of cities around the world tells us that whenever a city's annual rate of population increase exceeds 3%, quick growth is accompanied by trouble and confusion. They not only include shortage of housing, but also a lack of nursery and grammar school facilities, traffic congestion, inadequate water supply and sewerage system. Faced with this extraordinary rapid expansion, Kokubunji and other cities tried hard to catch up with this speedy expansion. It was not until the 1970s that the city began to provide an infrastructure necessary for citizens' daily life and satisfy their basic needs.

In the mid-80s Japanese economy experienced a prosperous period called the "Bubble Economy." By believing that this extraordinary economy might continue forever, governments, both central and local, planned numerous big projects. Examples include gorgeous city halls, large-scale bridges, museums, theaters, or what we call hakomono, or 'boxes' in Japanese. Kokubunji City was no exception, which will be explained later.

Table 2 shows the latest statistical data on Kokubunji City. About one percent of the city's population, a little over one thousand, is non-Japanese. Like other cities around Japan, the city has lower birth rates (8.19 per 1,000 population in 1997, whereas the figure for the U.S. that year was 13.6) and more seniors (13.5% of the city's population was 65 years old and over in 1997; that year the rate for the U.S. was 12.7% and for Saudi Arabia, 2.4%).

2. Financial Difficulties

A popular weekly magazine AERA by Asahi Shimbun recently published a special issue titled "Local Governments Facing Bankrupt" (July 6, 1998). Among the names of cities facing severe financial difficulties, the name Kokubunji City was listed with a note explaining that: a) the city budget fell into a critical condition from the FY1997 budget (concluded); b) the ratio of debt charges to the current expenditure exceeded 16%; and c) the ratio of general income sources (mainly city taxes in the case of Kokubunji) appropriated to obligatory expenditure reached as high as 100%.

Table 1 Kokubunji City's Population Trend (in thousand)

| | | | |
|------|------|------|-------|
| 1930 | 6.5 | 1970 | 77.4 |
| 1935 | 7.3 | 1975 | 83.8 |
| 1940 | 9.5 | 1980 | 88.9 |
| 1945 | 13.9 | 1985 | 93.2 |
| 1950 | 18.9 | 1990 | 97.3 |
| 1955 | 25.8 | 1995 | 102.8 |
| 1960 | 37.0 | 1998 | 105.2 |
| 1965 | 58.5 | | |

Table 2 Basic Statistical Data on Kokubunji City

| | |
|---|--|
| Land area | 4.43 mile ² (11.48 km ²) |
| Population (Nov. 1998) | 105,786 |
| Age distribution (1995 Census) | |
| 0 - 14 | 13,649(12.9%) |
| 15 - 64 | 78,987(74.7%) |
| 65- | 12,529(11.8%) |
| No. of foreign residents (Jan. 1998) | 1,129 |
| No. of households (Nov. 1998) | 45,841 (2.29 persons per household) |
| No. of births (1997) | 862 (1987:1,167) |
| No. of deaths (1997) | 530 (1987:432) |
| No. of marriages (1997) | 713 (1987:926) |
| No. of divorces (1997) | 146 (1987:170) |
| No. of males per 100 females (1998) | 105.2 (103.2 for 27 cities in Tama) |
| Recipients of livelihood assistance (1996) | 405 |
| Amount of garbage collected/disposed (1996) | 37,758 tons (147 tons/day) |
| Passenger car ownership (April 1996) | 31,905 |
| Motorcycle ownership (April 1997) | 12,296 |
| Average taxable income per taxpayer (1995) | 4,797,000 yen * (national average: 3,704,000 yen) |
| Amount of bank deposits (March 1997) | 361.7 billion yen |
| Amount of retail sales (1994) | 106.8 billion yen |

* One US dollar was approximately 120 yen as of the end of July 1999.

Source:Toyo Keizai "Toshi Data Pack" 1998.

When a municipality's debt/expenditure rate reaches 15%, the central government sends a yellow signal to that local government. If the rate exceeds 20% then a red signal is sent and local bond issuance by that government is prohibited. This means that the local government is considered financially incompetent, and is placed under the direct control of the central government deprived of its autonomy and money-borrowing power.

When a ratio of general income sources appropriated to obligatory expenditure reaches 100%, the city's main revenue should be fully devoted to obligatory expenditures (e.g. personnel expenses, public assistance for the poor, debt services) and it becomes impossible for the city to launch on new investment or new projects. In other words, the city becomes financially incompetent and hopeless. Table 3 lists top ten financially unprosperous cities in the Tama area. In terms of the ratio of debt service to current expenditure, Kokubunji City ranked the worst among all 27 cities in Tama. The city's ratio of general income sources appropriated to obligatory expenditure (98.3%) was also much worse than the average of the 27 Tama cities (88.3%). As Table 2 shows, citizens' per capita taxable income of 4,797 thousand yen was 30% higher than that of the national average (3,704 thousand yen) in 1995. The city, in fact, is one of the wealthiest cities in Japan. Why and how this city has come to face such financial difficulties? In order to analyze this, it is necessary at first to explain the general financial structure of the city.

3. Financial Structure

Let us first take a look at 'how' the city's finance got into trouble. Table 4 shows the revenue

structure (General Account, 1998 initial) of Kokubunji City (hereafter abbreviated to K.C.). The largest item was city taxes, which occupy 57.4% of the total revenue. This figure was much higher than that of the national average (34.7% in 1996). For this reason, K.C. is given very low priority in receiving the national equalization fund allocated to local governments from the central government (it is officially called the Local Allotment Tax or LAT). Poorer local governments (municipalities), on the other hand, rely heavily on the LAT, and the national average of its amount was 15.0% of total revenue in 1996.

The ratio of Grants-in Aid from the national government (officially called the National Gov-

Table 3 Financial Conditions of Ten Cities in Tama (FY 1997 budget concluded)

| City name | Debt service /General expenditures | City name | Current income /Obligatory expenditures |
|----------------------|---------------------------------------|----------------------|--|
| Kokubunji | 16.4 % | Kunitachi | 104.3 % |
| Hachioji | 15.0 | Koganei | 103.5 |
| Komae | 14.0 | Tachikawa | 99.7 |
| Kiyose | 13.4 | Kokubunji | 98.3 |
| Higashi Kurume | 12.7 | Komae | 98.3 |
| Higashi Yamato | 12.6 | Kiyose | 98.1 |
| Kunitachi | 12.2 | Hino | 94.9 |
| Kodaira | 12.1 | Higashi Kurume | 94.7 |
| Chofu | 12.0 | Hachioji | 94.6 |
| Tanashi | 11.9 | Higashi Murayama | 94.6 |
| Average of 27 cities | 10.1 | Average of 27 cities | 88.3 |

Note: Fiscal year in Japan starts on April 1 and ends on March 31 of the following year. Fiscal Year (FY)1997 thus covers from April 1, 1997 until March 31, 1998.

Table 4 Kokubunji City Revenue (General Account, 1998 Initial)

| Item | In million yen | % of total |
|-------------------------------------|----------------|------------|
| City taxes | 21,149 | 57.4 |
| City bonds | 3,355 | 9.1 |
| TMG disbursement | 2,724 | 7.4 |
| Miscellaneous | 2,273 | 6.1 |
| National grants-in-aid | 2,014 | 5.5 |
| Transfer from other accounts | 1,813 | 4.9 |
| Transfer from local consumption tax | 850 | 2.3 |
| Shares, defrayments | 614 | 1.7 |
| Charges & fees | 611 | 1.7 |
| Income from properties | 342 | 0.9 |
| Local transfer taxes | 190 | 0.5 |
| National equalization fund | 82 | 0.2 |
| Special traffic safety grant | 14 | 0.1 |
| Others | 816 | 2.2 |
| Total | 36,846 | 100.0 |

Note: One million yen was approximately US\$8,300 (\$1=120 yen) as of the end of June 1999.

ernment Disbursements) occupied 5.5% of K.C.'s total revenue which is nearly half of the national average of 9.2% in 1996. When the city's financial condition started to deteriorate in 1992 after the collapse of the economic bubble, K.C. started to issue a larger amount of city bonds. As shown in Table 4 the city bond occupies 9.1% of the total amount of revenue.

Table 5 shows the breakdown of the city's major revenue source of city taxes. City income tax is officially called the City Inhabitant Tax and divided into the individual inhabitant tax and the corporate inhabitant tax. The former is composed of a per capita tax rate and income tax rate with a tax base equivalent to the national personal income tax. Similarly, the corporate inhabitant tax rate is composed of a per capita rate based on the amount of capital, and a corporate income tax rate with a tax base equivalent to the national corporate tax.

National corporate tax is very sensitive to the business cycle and it directly influences the amount of city's corporate inhabitant tax revenue. However, K.C. is a residential city in its nature and has only a few big corporations operating in the city. Thus corporate tax accounts for a smaller portion of the city's revenue and because of a stable supply of income tax from wealthy residents, K.C. has been able to secure a relatively healthy amount of inhabitant tax revenue.

The second important tax revenue source is property tax. It is officially called the Fixed-Assets Tax because it is imposed not only on land and buildings, but also on tangible business assets. Along with the city (municipal) inhabitant tax, they constitute a fairly stable source of revenue. An owner listed in the tax register book as of January 1st is required to pay this tax, and the standard tax rate is 1.4% of assessed value.

While Japan was enjoying a high rate of economic growth, land prices skyrocketed year after year, and its assessed value was also increased to catch up with the market price. However, since the bubble collapsed and recession started from 1991/1992, land prices, especially that of commercial land, decreased sharply. Fortunately, as K.C. continued to be a popular residential city, having a good access to Tokyo's central business district by JR (Japan Railway) express train, citizens' purchasing power as well as the city's assessed land value have shown little or no drastic decline.

The third item in the list, the city planning tax, is a kind of surtax of property tax imposed on residential and commercial districts. The fourth item, city (municipal) tobacco tax is imposed and collected at the source (tax rate: 1,997 yen per 1,000 tobaccos) based on the number of tobaccos sold within the administrative boundary of each local government. Lastly, light motor vehicle tax is imposed on owners of a small cars or two-wheel motor vehicle (amount varies from

Table 5 Kokubunji City Tax Revenue (1998 initial)

| Tax item | In million yen | % of total |
|-------------------------|----------------|------------|
| City income tax | 11,849 | 56.0 |
| Property tax | 6,877 | 32.5 |
| City planning tax | 1,810 | 8.6 |
| City tobacco tax | 577 | 2.7 |
| Light motor vehicle tax | 36 | 0.2 |
| Total | 21,149 | 100.0 |

1,000 yen to 7,200 yen per vehicle).

Table 6 shows the annual changes of the city's tax revenue amount. The city income tax and the property tax occupy the major part of the annual revenue. The turning point came in 1994 when the national government launched on a national tax reduction policy. The policy semi-automatically reduced K.C.'s tax revenue (by 1,737 million yen from 1994 to 1995). Tax cuts were held several times since then and its total amount for K.C. in four years between 1994 and 98 reached 3,430 million yen.

The rationale of tax cuts used by the national government was that the national equalization fund of LAT could be used to cover the losses. As mentioned earlier, K.C. is considered one of the few wealthy cities and has received little or no LAT. Thus this tax reduction policy directly hit the city's financial condition since 1994. To cover the loss in tax revenue the national government instead allowed K.C. to issue as much as total 5.6 billion yen of city bonds.

4. Causes of Financial Difficulties

As we turn our eyes to the causes of the 'crisis', we should first take a look at the structural features of the city expenditure (Table 7). In Table 8, we can easily find out that the ratio of public works to the total budget was extremely high between 1987 and 1995 (peaked to over 40% in 1991 and 1992). On the other hand, the national average of this ratio remained a little over 20% throughout the period (Table 9).

Table 10 shows the breakdown of a special account for a redevelopment project. Over half of

Table 6 Annual Amount of Kokubunji City Tax Revenue (General Account, initial, in billion yen)

| Year | '85 | '86 | '87 | '88 | '89 | '90 | '91 | '92 | '93 | '94 | '95 | '96 | '97 |
|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| I&P | 9.8 | 10.8 | 11.9 | 13.3 | 14.3 | 15.0 | 16.4 | 17.5 | 18.4 | 18.9 | 17.6 | 18.3 | 19.0 |
| Total | 11.3 | 12.8 | 13.5 | 14.9 | 15.8 | 16.6 | 18.0 | 19.5 | 20.4 | 20.8 | 19.7 | 20.6 | 21.4 |

Note: 'I&P' refers to the city's income tax and property tax revenue

Table 7 Kokubunji City Expenditures by Purpose (General Account, 1998 initial)

| Item | In million yen | % of total |
|--------------------------------|----------------|------------|
| Social welfare | 10,093 | 27.4 |
| Public works | 6,890 | 18.7 |
| Public health & sanitation | 4,502 | 12.2 |
| Education | 4,303 | 11.7 |
| General administration | 3,314 | 9.0 |
| Loan (city bond) charges | 3,234 | 8.8 |
| Miscellaneous | 2,394 | 6.5 |
| Fire-fighting | 1,486 | 4.0 |
| City assembly | 355 | 1.0 |
| Agriculture & smaller business | 193 | 0.5 |
| Labor management | 37 | 0.1 |
| Reserve | 46 | 0.1 |
| Total | 36,846 | 100.0 |

**Table 8 Structural Changes of Kokubunji City Expenditures
(General Account by Purpose, unit: %)**

| Item | '86 | '87 | '88 | '89 | '90 | '91 | '92 | '93 | '94 | '95 | '96 | '97 |
|--------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Social welfare | 17.4 | 16.6 | 15.0 | 17.2 | 19.2 | 18.2 | 14.0 | 16.3 | 18.4 | 17.6 | 20.2 | 22.8 |
| Public works | 23.6 | 31.4 | 38.3 | 26.2 | 35.1 | 40.5 | 43.2 | 38.7 | 30.6 | 32.3 | 21.4 | 21.0 |
| Public health & sanitation | 7.8 | 7.0 | 6.0 | 5.5 | 5.1 | 6.3 | 9.4 | 5.9 | 5.9 | 6.8 | 11.5 | 14.4 |
| Education | 19.8 | 15.7 | 14.0 | 28.2 | 14.0 | 13.8 | 11.5 | 13.9 | 16.8 | 13.2 | 8.0 | 8.6 |
| General administration | 12.9 | 12.7 | 12.5 | 12.6 | 14.8 | 10.9 | 13.0 | 10.9 | 9.9 | 9.8 | 11.7 | 10.4 |
| Loan (city bond) charges | 13.9 | 10.3 | 8.9 | 5.4 | 5.2 | 5.0 | 4.5 | 6.9 | 9.8 | 12.8 | 14.8 | 15.9 |
| Miscellaneous | - | - | - | - | - | - | - | - | 3.5 | 1.9 | 3.2 | 0.6 |
| Fire-fighting | 4.1 | 4.0 | 3.4 | 3.1 | 3.7 | 3.5 | 2.9 | 3.4 | 3.4 | 3.7 | 4.1 | 4.4 |
| City assembly | 1.4 | 1.3 | 1.2 | 1.0 | 1.1 | 1.1 | 0.8 | 1.0 | 1.0 | 1.0 | 1.1 | 1.0 |
| Agriculture & smaller business | 0.8 | 0.6 | 0.4 | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.4 | 0.5 | 0.6 | 0.5 |
| Labor management | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 |
| Annual amount in billion yen | 19.3 | 21.3 | 26.0 | 30.3 | 28.9 | 31.8 | 42.8 | 37.8 | 39.3 | 38.6 | 35.3 | 33.6 |

**Table 9 Average Ratio of Public Works Expenditure Against Total Expenditure
(Average of all Local Governments)**

| Year | '86 | '87 | '88 | '89 | '90 | '91 | '92 | '93 | '94 | '95 | '96 |
|-----------|------|------|------|------|------|------|------|------|------|------|------|
| Ratio (%) | 21.2 | 22.2 | 22.3 | 22.1 | 22.4 | 23.1 | 23.8 | 23.4 | 22.2 | 22.1 | 21.9 |

**Table 10 Sources of Fund for Financing the Kokubunji Station North Side
Redevelopment Project (Special Account; in million yen)**

| Item | 1993 | 1994 | 1995 | 1996 | 1997 |
|--------------------------------------|-------|-------|-------|-------|--------------|
| National financial aid | 378 | 252 | 484 | 447 | 407(19.2) |
| TMG financial aid | 72 | 57 | 114 | 108 | 102(4.8) |
| Transfer from the general account | 1,343 | 992 | 1,103 | 1,063 | 1,168(55.0) |
| City bond issued | 2,692 | 109 | 227 | 400 | 344(16.2) |
| Total | 4,485 | 1,410 | 2,163 | 2,050 | 2,122(100.0) |

Notes: 'TMG' refers to the Tokyo Metropolitan Government.

'Transfer' refers to the fund mainly from the general account. Total includes fund from other sources.

its 1993 budget came from the issuance of city bond which, as mentioned earlier, was permitted by the central government instead of not receiving LAT.

Using this money the city launched on a massive-scale investment into infrastructure improvement (expensive combined sewerage system in particular) and redevelopment projects, particularly on the north side of JR's Kokubunji Station. This project aimed to: a) Create an open space to alleviate traffic congestion and ensure safety of pedestrians; b) Improve south-north access; c) Elevate the station; d) Expand existing roads and; e) Build two 'redevelopment buildings.' A large portion of the budget was to buy land necessary for the project.

In the years between 1985 and 1988 the annual increase rate of K.C.'s tax revenue exceeded 10%. When the bubble collapsed the city should have cut down its expenditure for, at least for

new large-scale investment. But instead, the city government continued to hold an optimistic view of the future and thought that the recession in the early 90s could be overcome within a short period, and issued an extraordinary amount of city bonds, between 1992 and 1995 in particular (Table 11).

It couldn't, however. The worsening economy deprived citizens of their purchasing power. Kokubunji's shopping area also faced fierce competition from other shopping areas in Kichijoji, Mitaka or Tachikawa along JR Chuo Line or Fuchu and other cities in the Tama area. These two factors led to the decline of the shopping area and it is now wondered if two big 'redevelopment buildings' could attract department stores, specialized shops and offices. The price of land bought when it peaked continues to go down.

5. Prospects

Facing unprecedented conditions of the Japanese economy (e.g., big companies going bankrupt, super-low interest rates, lowering competitiveness in the international market) and the city finance, K.C. should now go back to the basics, keeping the following five principles of sound budgetary management.

1. Check the input and control the output
2. Finance oriented toward citizens' life and welfare
3. Rationalized and scientific financial management (maximized output)
4. Freedom of information and citizens' involvement in the city's decision-making process
5. Innovation and creativity utilizing city's potentials and advantages

All these would require more delegation of power from the central government to municipalities and to citizens (decentralization and deregulation). The city can learn a lot from the experience of American cities which experienced a similar crisis from the 1960s on (some may still be in difficulty, though). And it seems that the city is again, just like 1250 years ago, faced with direct influence from abroad: More from the West (US and EU?) this time in the form of financial and information innovation.

Nevertheless, Kokubunji City still has a number of advantages including: a) an easy access to Tokyo's central business districts (can reach the Shinjuku Station near the City Hall within 21 minutes by JR Chuo Line's super express train which runs almost every 20 minutes); (2) citizens can enjoy the city's rich cultural assets including the historical site of the Kokubunji temple as well as scenic public parks such as Tonagayato Garden; (3) having three most advanced technical research centers of; a) Railway Technical Research Institute which is now successfully

Table 11 Annual Amount of Bond Issued by Kokubunji City

| (in billion yen) | | | | | | | | | | |
|------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| '87 | '88 | '89 | '90 | '91 | '92 | '93 | '94 | '95 | '96 | '97 |
| 0.7 | 3.6 | 4.0 | 1.3 | 2.3 | 9.6 | 6.0 | 7.2 | 4.1 | 3.1 | 1.8 |

developing the Linear Motor Car ‘flying’ over the rail at a speed of 550 kilometers (340 miles) per hour; b) Hitachi Research Center for high-tech development and; c) a world-famous Kobayashi Acoustics Study Center; and (4) the percentage of upper-middle class people living in the city is increasing.

If the city can maximize these potentials and restore/maintain healthy financial conditions, we can expect a further development of the city in the coming millennium.

Key Words (キー・ワード)

Suburban Development (郊外開発), **Bubble Economy** (バブル経済), **Wasteful Spending** (浪費的支出), **Redevelopment Project** (再開発事業), **Combined Sewer** (合流式下水道), **City Bond Management** (市債の管理)

国分寺市の当面する財政問題：日本都市財政の一事例（要約と提言）

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国分寺市は人口10万余、日本に640ある都市の最も標準規模のものである。今から1250年ほどの昔、聖武天皇の詔により全国最大最壮麗の国分寺が七重の塔とともにここに建立され、東日本開発の拠点とされた。さて今は、多摩の一大中心として西武2線の出発駅と武蔵野線西国分寺駅とを持つとともに、JR特別快速や通勤特別快速により国分寺駅から新宿駅へ20分、都心へ30分の便宜さを持ち、豊かな緑とともに中上流の市民が多く住む。市税収入にも恵まれ、財政力指数も従来1.0を大きく超え、富裕団体視されてきた。ところが98年7月頃、突然マスコミに当市が「倒産の危機に瀕する自治体」の代表として登場してきた。90年代に入りバブル経済が破綻し、地方財政も緊縮を迫られたのに、当市は土木費を中心の大幅歳出を公債の大増発で続け、その借金の「つけ」（公債の元利償還）が大きく回ってきたからである。しかし今ここで歳出の効率化、財政緊縮の数人を頑張れば、市政に希望は大きい。上記恵まれた条件に加え、例えば21世紀の技術革新をリードする大きな研究頭脳を市内に3つも持っている。鉄道総合技術研究所（リニア・モーターカーを開発）、日立製作所中央研究所（電子工学の最先端）、小林理学研究所（音響学の中心）といった、どれも世界の最高水準を誇るものである。

地方自治法第250条で、市債の発行は、事実上「当分の間」国の許可を得ねばならない。だが日本だけでなく、世界の金融情勢をみると、この「当分の間」はとっくに過ぎているようだ。世界の金融機関は、今皆少しでも安心で有利なところへ金を貸したがって鵜の目鷹の目である。ごく近いうちに、日本の優良な市財政には、世界の金融機関が日本の市債を争って引き受けたがる時代となろう。規制緩和・地方分権の声とともに、「株式会社国分寺市役所」的な形が濃くなり、株主（市民）が喜ぶ市政が発展すれば、市の人気（株価）も内外に高まることとなる。そうなれば、金融機関が争って良い条件の資金を貸してくれ、市民の喜ぶ事業がそれだけさらに沢山出来ることとなる。外からの人気も高まり、それだけ良い（高額所得の）市民も集まり、地価も上昇し、市民税や固定資産税の収入も増え、ますます良い仕事が出来、市政はさらに発展する。反対に市民が市政に関心を寄せず、市議会、市職員そして市政も怠けていれば、競争に負け、国分寺市は衰えてしまう。

国分寺駅北口や西国分寺駅東口の再開発がゆっくりと、しかし着実に進み、市内商店街の活性化が進めば、当市は八王子、立川や吉祥寺に負けない多摩の一大経済中心になれる。市民そして市政当局が、国分寺がいかにか恵まれた条件・可能性を持つかを自覚し、市職員の独創的働きでそれを実現させ、市民の間から「市税を2倍に増額し、市政を大発展させ、市役所のサービスを3倍4倍よくさせる。市職員の給与を2割3割と引き上げ、市民のために2倍3倍働きたがるようにさせる」といった声が高まれば、市のこれからの限り無い発展が期待される。またそうした道を今から考え進めねばなるまい。21世紀、日本の市も競争の時代に入ろうとしている。市議会議員も議場での居眠りや利権漁りの暇はとてなくなる。世界はさまざま勢いで進んでいる。