

# SGI Sustainable Governance Indicators 2011

Japan report

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## Executive Summary

Japan experienced considerable turbulence in its political system during the course of the reporting period. In September 2007, incoming Prime Minister Yasuo Fukuda took charge of a coalition government led by the Liberal Democratic Party (LDP). This lasted only one year, but was succeeded in September 2008 by a cabinet led by Prime Minister Taro Aso, supported by the same coalition. This in turn was ousted following the lower house elections of August 30, 2009, and replaced by a cabinet led by Prime Minister Yukio Hatoyama, heading a coalition including the Democratic Party of Japan (DPJ) and two smaller partners. This was the first departure from LDP-dominated cabinets since the LDP was formed in 1955, apart from a relatively short period from 1993 to 1994.

This unsteadiness reflects deeper concerns over the state's ability to handle the country's pressing socioeconomic and political issues. In terms of policy-specific performance, Japan has been unable to transform a moderate but stable post-2003 economic upswing into a sustainable growth model. The nation's overall debt ratio of around 200% is alarming, and substantially reduces the available scope for fiscal activities. In social policy, successive governments have been unable to create a sustainable framework for dealing with topics such as pension reform, integration of foreign residents, or the full utilization of women's labor force potential. Given the worsening income distribution and the rise in poverty in recent years, voters have become increasingly disenchanted. While the foreign policy performance has largely been stable, the wavering of the new DPJ-led government between a pro-American orientation and a focus on playing a larger Asian role has added some uncertainties even in this area.

The existing institutional framework has not helped the government overcome the mounting challenges. True, the constitution provides for only a few institutional veto players, a fact which in theory might constrain majority-oriented policy-making. Moreover, the Japanese prime minister enjoys – at least in formal-institutional terms – a relatively powerful position within the executive. However, prime ministerial or indeed core-executive leadership has been the exception to the rule under LDP rule. An array of norms and institutions has contributed to the apparent disparity between the political system's formal-institutional setup and the reality of limited reform ability at the top level. To recalibrate the system of

governance, former Prime Minister Junichiro Koizumi (2001 – 2006) tried to install strong top-down decision-making structures that would allow the introduction of essential policy reforms despite the opposition of vested interests, culminating in a strong Cabinet Office and organs such as the Council for Economic and Fiscal Policy. However, rather than pursuing this course farther, succeeding prime ministers more or less returned to the former system of government.

One of the key initial proposals of the Hatoyama cabinet centered on a return to this kind of top-down decision-making structure – this time in the context of the cabinet – by establishing a National Strategy Bureau (NSB) and procedural mechanisms designed to guarantee the dominance of appointed politicians over bureaucrats. After a few months, the problems with this approach remain more visible than the successes. Power struggles between politicians continue, the legal basis for the NSB has not yet been established, and the economic and fiscal scope for decisive policy initiatives, particularly to support the “People’s Lives First” program outlined in the DPJ election manifesto, looks little brighter than in recent years. It should be noted, however, that the DPJ and its partners are in fact laying the foundation for a new approach within Japan’s political system, which some observers have gone so far as to call “revolutionary.”

## Strategic Outlook

The first ten years of the new millennium have brought mounting socioeconomic challenges in Japan. Plagued by weak consumption levels coupled with record-breaking consumer price deflation, the Japanese economy has largely stagnated, while other national economies in the Asia-Pacific region and beyond have made significant strides forward. The gross debt-to-GDP ratio – already the highest among advanced industrialized nations, at 190% – is bound to rise further. In fiscal year 2010, borrowing by the national government, though capped, is for the first time forecast to exceed tax revenues. In addition, working households’ disposable income rose little during the millennium’s first decade, arrested by continuing deflationary trends. Alarming, a new “precariat” has evolved in Japan. Part-time and contract workers, who do not enjoy the security, wage levels and training associated with full-time jobs, now account for more than a third of the workforce – up from well under 20% in 1990. Every sixth Japanese person, including every fifth pensioner, lives in relative poverty, in a country that was once hailed as the epitome of equitable growth.

Japanese governments – of whatever party composition – have been torn between the need to bolster the fragile economic recovery and to consolidate the country's battered public finances. The DPJ-led government's answer to this conundrum has been to further move away from spending on public works, and to channel money instead to consumers, in particular to young families, with the aim of boosting consumption. The DPJ hopes to be able to both expand the social security net and to revitalize the economy by increasing discretionary income. However, there are some practical problems to this approach. The first is that the share of the budget available to be redirected toward financing new spending priorities has been more limited than foreseen by the DPJ. Moreover, it remains an open question whether more money in consumers' pockets really does lead to more consumer spending. As long as Japanese consumers continue to worry about the future, they are likely to save additional income for a rainy day. In addition, Japan's graying population is leading to ever-higher financial obligations for the state, as more and more money is needed to maintain pension- and health-related standards even at today's levels. It is therefore vital to tap into new tax sources to finance future social-security and possibly also other spending needs. For instance, an increase in the value-added-tax (VAT), which has stood for some time at merely 5%, is overdue. Any such increase in this tax should be integrated into an overarching reform of the tax system, including a decrease in the corporate tax rate, which is currently higher than that of competitor nations in the region and elsewhere. Yet even a reform of the tax system can serve only as a stop-gap measure in dealing with mounting fiscal problems. What the government needs is a convincing overall growth strategy for the Japanese economy. While the new government has repeatedly pointed to some more or less obvious growth areas – tourism, trade with Asia, environment-related technologies and health care, for example – this does not yet amount to a strategy per se. Japanese voters showed in the lower house election of 2009 that the status quo is no longer an option, and that they are willing to dismiss any government that fails to deliver needed changes. While the new government would be well-advised to take note of this greater voter assertiveness, it must also accept that desirable changes including more family-friendly lifestyles, a more hospitable environment for immigrants, and greater levels of innovation inside businesses and throughout society cannot simply be ordered from above.

## Status Index

### I. Status of democracy

#### **Electoral process**

Candidacy  
procedures  
Score: 9

Japan has a fair and open election system. The conditions for the registration of candidates are transparent, and the registration process is efficiently administered. However, candidates have to pay a deposit of 3 million yen (about €26,700 as of June 2010), which is returned if the candidate receives at least a tenth of the valid votes cast in his or her electoral district. The deposit is meant to deter candidatures that are not serious, but in effect presents a hurdle for independent candidates. The minimum age for candidates is 25 in the House of Representatives and 30 in the House of Councilors, the upper house.

Media access  
Score: 9

Access to the media for electioneering purposes is regulated by the Public Offices Election Law, and basically ensures a well-defined rule set for all candidates. In recent years, it has been criticized as being overly restrictive, for instance by preventing wider use of the Internet and other advanced electronic data services. The restrictions, many of them dating to the pre-war era, were installed by a rather paternalistic leadership and include provisions such as severe limitations on door-to-door canvassing and on distributing election-related documents. With respect to advanced media in particular, a candidate is not allowed to update his or her website or to upload topical material, such as video of a campaign speech, to YouTube.

Citation:

Takaaki Ohta: Internet campaigning and Japan's political process, in: J@pan Inc Magazine, No 85, 6 March 2009, <http://www.japaninc.com/mgz85/internet-electioneering> (accessed April 2010)

No author: Net electioneering ban likely to be lifted, in: Daily Yomiuri Online, 13 May 2010, <http://www.yomiuri.co.jp/national/20100513TDY02T11.htm> (accessed 27 May 2010)

No author: Netto senkyo katsudou gutairon de kadai mo, in: Nihon keizai shimbun, 27 May 2010, p. 2.

Voting and  
registrations rights  
Score: 8

The Japanese Constitution grants universal adult suffrage to all Japanese citizens. No general problems with discrimination or the exercise of this right can be observed. Since 2006, Japanese citizens living abroad have also been granted the ability to participate in elections.

One outstanding issue is the relative size of electoral districts. Those in the countryside still contain far fewer people than in congested urban areas. The ratio of the vote weight in the least populated area as compared to the most populated district stands at 2.3. Several high courts, including the Tokyo High Court in February 2010, ruled that the 2009 lower house election was unconstitutional on these grounds, and the Supreme Court is expected to take up this issue late in 2010. The Democratic Party of Japan (DPJ) has announced that it wants to address this issue as well, but it needs a broadly based consensus if it is to change the electoral districts.

Citation:

No author: Prefectural assemblies say 'no' to foreign voting rights, in: Asahi.com, 8 January 2010, <http://www.asahi.com/english/Herald-asahi/TKY201001080258.htm> (accesses 8 January 2010)

No author (Editorial): Rectifying Lower House vote disparity is an urgent task, in: The Mainichi Daily News, 25 February 2010, <http://mdn.mainichi.jp/perspectives/editorial/news/20100225p2a00m0na012000c.html> (accessed April 2010)

No author: Suggestion of extending suffrage to foreign residents sparks debates, in: The Nikkei Weekly, 8 February 2010, p. 29

Party financing  
Score: 6

Appropriate campaign financing and cases of finance-law infringement have been hot political topics in Japan for decades. To some extent, the problems are structural. The multi-member constituency system in place until 1993 implied that candidates would be hard-pressed to distinguish themselves by party programs alone, but had to elicit support on a more personal basis, a costly proposition. Personalized local support groups (koenkai) thus became a deeply entrenched system for winning voter approval, and due to the tacit personal networking involved, are always dangerously close to engaging in illicit financial and other transactions. Moreover, the strict rules of the Election Campaign Law have the consequence that politicians always face incentives to somehow circumvent rules on electioneering.

Influential Liberal Democratic Party (LDP) politician Kaoru Yosano, who was finance minister in the Aso cabinet, for instance, was implicated in mid-2009 in a scheme involving a dummy organization

from which he received funds. Prime Minister Hatoyama was accused of receiving unregistered donations from his mother, which he said he was unaware of; this news angered citizens, and was said to have contributed significantly to his subsequent loss of popularity. The powerful secretary general of the DPJ, Ichiro Ozawa, has also been incriminated through a scheme to support his funding organization through a dubious land purchase. Aides to both Hatoyama and Ozawa have been arrested. Ozawa had to step down as leader of the opposition in early 2009 because of funding issues, to be replaced by Hatoyama. Despite these scandals, it is noteworthy that Japanese prosecutors and the media have in general played a positive role in countering the misbehavior of politicians.

### **Access to information**

Media freedom  
Score: 7

Japanese media are free to report the news without official interference. While the courts have handled a few cases dealing with perceived censorship, there is no formal government mechanism infringing on the independence of the media. While NHK is a public broadcasting service, it stills enjoys freedom from interference in its reports. In 2007, there was some attempt by politicians to influence NHK's reports on the North Korea issue, but this was successfully challenged.

Informally, however, media organizations have hesitated to take a strong stance against the government or to expose political scandals. Membership in journalist clubs has offered exclusive contacts. Established media members have feared losing this advantage, and have frequently taken nonadversarial opinions, although differences between major newspapers' standpoints can be identified.

Media pluralism  
Score: 7

Japan has an oligopolistic media structure with five conglomerates that dominate the leading national newspapers and the major TV networks. These five include the Asahi Group (Asahi Newspaper, TV Asahi), the Fuji Sankei Group (Sankei Newspaper, Fuji TV), the Mainichi Group (Mainichi Newspaper), the Yomiuri Group (Yomiuri Newspaper, Nippon TV) and the Nihon Keizai Group (Nihon Keizai Newspaper, TV Tokyo). Another major force is NHK, the quasi-national broadcasting service. This organization has enjoyed close connections with the LDP-led governments despite formal freedom from interference, and has followed a rather status-quo approach. Critical coverage of issues by the other media groups is rather mild, although a variety of stances from left-central (in the case of Asahi) to conservative-nationalistic (Sankei) can be observed. Generally speaking, the small group of conglomerates and major organizations

does not support a pluralistic landscape of opinions. Regional newspapers and TV stations do not play a serious competitive role. New competition might be expected from interactive digital media sources such as blogs, bulletin boards, e-magazines, social networks and so on. Their use is spreading rapidly, and only 65% of those in their 20s still read printed newspapers, compared to 93% of those in their 60s.

While ministerial press conferences have been more or less closed shops due to the “press club” system, the new DPJ-led government tried to open the system after its election in 2009, for instance by having a more liberal admittance policy, or by holding parallel news conferences so as to allow a wider circle of participants. Some senior ministry officials have also held Internet availabilities, followed by interchanges with the online audience. However, there has been no general overhaul of the system yet, and various ministries have followed different approaches.

Citation:

Open Source Center (at the Central Intelligence Agency, US): Japan - Media Environment Open; State Looms Large, 18 August 2009, <http://www.fas.org/irp/dni/osc/japan-media.pdf> (accessed May 2010)

Hiroshi Kawai: DPJ government opens access to “new media,” in: Asahi shimbun, 10 April 2010, <http://www.asahi.com/english/TKY201004090413.html> (accessed April 2010)

Access to gvmt.  
information  
Score: 7

Japan’s Act on Access to Information Held by Administrative Organs came into effect in 2001, followed one year later by the Act on Access to Information Held by Independent Administrative Agencies. In 2007, there were 61,000 requests for disclosure of information made under the former and 5,800 under the latter. Basic rights to access government information are thus in place, although a number of issues remain. Various exemptions apply, as for instance with respect to information regarding specific individuals, national security issues or confidential business matters. Claims can be denied, and the head of the agency involved has considerable discretion. An appeal is possible, but only in court, which involves a very burdensome process.

Citation:

Freedominfo.org: Japan - Freedom of Information in Japan: Promoting Accountability in Government, <http://www.freedominfo.org/regions/east-asia/japan/japan/> (accessed April 2010)

## Civil rights

Civil rights  
Score: 6

Civil and human rights are guaranteed under the Japanese constitution. Institutionally, courts are often considered overly tolerant with respect to the possibility of maltreatment by police or prosecution. LDP governments of recent years, including during the reporting period, have made little effort to implement institutional reform. Critics have demanded – as yet unsuccessfully – the introduction of independent agencies able to investigate claims of human rights abuse. Citizens have no legal ability to take their complaints to a multinational level, while many other countries have already signed the so-called Optional Protocols to the International Covenant on Civil and Political Rights.

The new DPJ-led government has given the justice portfolio to former lawyer Keiko Chiba, who has a background in human rights activism. She has pledged to work on three reforms in particular: installing an independent human rights agency, ratification of the Open Protocol mentioned above, and a reform of the police interrogation rules. It is an open question to what extent she will be successful, as the Ministry of Justice is often considered a bastion of entrenched conservatism.

Citation:

Bureau of Democracy, Human Rights, and Labor of the US Department of State: 2009 Human Rights Report: Japan, 11 March 2010, <http://www.state.gov/g/drl/rls/hrrp/t/2009/eap/135993.htm>

Lawrence Repeta: Transfer of Power at Japan's Justice Ministry, in: *The Asia-Pacific Journal*, Vol. 44-2-09, November 2009,

Political liberties  
Score: 9

The freedoms of speech and of the press are guaranteed under Article 21 of the constitution. Reported abuses are quite rare, though it has often been claimed that the police and prosecutors are more lenient toward vocal right-wing groups than toward left-wing activists.

Non-discrimination  
Score: 5

The three million descendants of the so-called burakumin, outcasts of the feudal period, still face informal social discrimination, though it is difficult for the government to counter this. Korean and Chinese minorities with permanent resident status also face some social discrimination, a situation true also for more recent Brazilian and Philippine immigrants. Naturalization rules were eased somewhat during the reporting period, and among the roughly 600,000 ethnic Koreans in the country, some 10,000 are being granted citizenship per year. However, even if a person does not want to or cannot

become a Japanese citizen, he or she should be treated fairly.

Japan has a rather serious human trafficking problem with respect to menial labor and the sex trade. This also refers to underage foreigners facing such exploitation. Based on the number of cases prosecuted by the government, the authorities seem to have become somewhat harsher with traffickers, some of whom are involved with organized crime (yakuza).

Women still face some discrimination, particularly in the labor market. The wage differential with men has not significantly decreased in recent years, and the recent recession has not helped in this respect. While many observers expect that the DPJ-led government will introduce additional measures aimed at addressing these problems, progress may be slow. In recent months, the topic of whether married women may legally use their former maiden name has been discussed. While some use of nonregistered names is already evident in society, the coalition government, due to divergent opinions among its various constituent parties, seems unable to move forward on this issue.

Citation:

AFP: Racism and discrimination common in Japan: UN envoy, in: New Straits Times, 31 March 2010, [http://www.nst.com.my/Current\\_News/NST/articles/20100331181444/Article/index\\_html](http://www.nst.com.my/Current_News/NST/articles/20100331181444/Article/index_html)

World Economic Forum: The Global Gender Gap Index 2009 rankings

### **Rule of law**

Legal certainty  
Score: 6

In their daily lives, citizens enjoy considerable predictability with respect to law and regulations. Bureaucratic formalities can sometimes be burdensome, but they also offer relative certainty. Nevertheless, regulations are often formulated in a way that gives considerable latitude to administrators. For instance, needy citizens have often found it difficult to get welfare aid from local government authorities. Such scope of discretion is deeply entrenched in the Japanese administrative system, which holds both the advantages and disadvantages of pragmatism. The judiciary has usually upheld the discretionary decisions of the executive.

Judicial review  
Score: 7

Courts are considered to be independent of government, administrative or legislative interference in their day-to-day business. The organization of the judicial system and the appointment of judges falls under the supervision of the Supreme Court, so the appointment

and the behavior of Supreme Court justices is of ultimate importance. While a lack of transparency has been lamented, the Supreme Court has an incentive not to commit any major offence, because this would endanger its independence. Still, this implies that it leans somewhat toward the government's position so as to avoid igniting any scrutiny of its strong role.

In line with this reasoning, the Supreme Court engages only in concrete judicial review of specific cases, not in general review of laws or regulations. Some scholars say that the constitution could allow room for a general judicial review process.

A major recent reform was the introduction of lay judges (saiban-in). This system was actually implemented during the reporting period, and the first cases handled by both professional and lay judges were widely reported in the media in 2009.

According to the constitution, Supreme Court justices are appointed by the cabinet –or in the case of the chief justice, named by the cabinet and appointed by the emperor – but the actual process lacks transparency. Supreme Court justices are subject to review in the next lower house election, and to another review after the passage of 10 years, if they have not retired in the meantime, but the public has little knowledge enabling them to decide whether or not to approve a justice on their ballot sheet. In the lower house election of 2009, nine of the 15 Supreme Court justices were up for review, and all passed, as in every previous case. In response to the call for more transparency, the Supreme Court has put more information on the justices and their track record of decisions on its website. The electoral review was duly covered by the media, but did not stir up major debate.

Reports of corruption and bribery scandals have accompanied Japanese politics for decades. These problems are deeply entrenched in the way politics are organized in Japan, for instance in the way Japanese politicians need to secure funds for (re)election purposes, how they rely on local support networks, and how they have to “deliver” to their constituencies in return. These scandals have been common in recent years, concerning both the long-reigning LDP and the DPJ. In early 2010, then-DPJ Secretary General Ichiro Ozawa came under strong pressure because of an investigation into his alleged acceptance of bribes and purchase of land with the money.

In spring 2010, then-Prime Minister Hatoyama argued in favor of a revision of the Political Funds Control Law during the ongoing

Appointment of  
justices  
Score: 2

Corruption  
prevention  
Score: 5

parliamentary session, seeking to ban donations from corporations and other organizations. This was possibly designed to distract attention somewhat from Ozawa's problems, but it is unclear whether the initiative will be successful.

## II. Policy-specific performance

### A Economy

#### Economy

Economic policy  
Score: 6

In general, Japanese governments have been able to create an economic policy framework providing certainty to businesses, supporting the corporate sector in creating one of the world's most competitive economies. This basic trust in the economic policy landscape is also evidenced by the fact that long-term interest rates for Japanese government bonds have remained low, despite the aftermath of the Lehman collapse that affected Japan as well as other countries, and despite the ever-mounting public debt.

These general remarks notwithstanding, LDP-led governments until late 2009, and afterward the new DPJ-led government, have all been challenged by the fact that the export-led expansion of the Japanese economy which started around 2002 came to an end in late 2007, well before the Lehman collapse in September 2008. This fact called for a recalibration of government policies to support the domestic economy. The LDP governments during the reporting period offered an unconvincing response. Both promised to support the domestic economy by giving assistance to disadvantaged regions or social groups. How to finance these endeavors while avoiding a misallocation of resources, such as providing support for small, uncompetitive businesses in the countryside, has been left unsolved.

Citation:

Among the many skeptical opinions on the early months of the new government, see for instance Michael J. Green: Japan's Confused Revolution, The Washington Quarterly, January 2010, pp. 3-19

For a more upbeat assessment see Mure Dickie: Strong reasons for optimism remain, Financial Times, 8 February 2010, Special Report on 'Investing in Japan', p.

## Labor market

Labor market policy  
Score: 7

Consecutive Japanese governments have been able to keep unemployment at tolerable levels. While there were many concerns earlier in the decade about rising unemployment for the young and for elderly people, unemployment rates even for those groups have stayed comparatively low. Hidden unemployment is rising, though, and it remains to be seen whether layoffs will ultimately increase more visibly. Societal concerns have shifted to the issue of the rise in non-regular employment. According to the OECD, one in three workers aged 15 to 24 was employed in non-regular work by 2007. Overall, the share of non-regular jobs increased from 16% in 1985 to more than one third of the total in 2008.

The LDP-led government under Aso answered the challenge of the global financial crisis through major stimulus programs, which compared favorably with significantly smaller programs in several other leading western economies. This helped significantly in keeping unemployment rates stable. Moreover, portions of the anticrisis program were used to support labor-market policies. The new DPJ-led government has promised to support weaker members of society such as the disadvantaged non-regular employees. In one major measure, the government introduced a bill in March 2010 that would limit the use of temporary employment. While this serves the political clientele of the ruling coalition, the economic consequences are doubtful at best. It is discouraging that the government seems to be more determined with respect to distributional issues than in laying the groundwork for an improvement in the quality of labor use, as suggested by the OECD.

Citation:

Sachiko Sakamaki and Takashi Hirokawa: Hatoyama Approves Bill to Restrict Japan's Temporary Employment, Bloomberg for Business Week, March 19, 2010, <http://www.businessweek.com/news/2010-03-19/hatoyama-approves-bill-to-restrict-japan-s-temporary-employment.html>

OECD: Employment Outlook 2009 - How does Japan compare?, Paris 2009

## Enterprises

Enterprise policy  
Score: 6

Following the years of economic reform under Prime Minister Koizumi (2001 – 2006), later governments have become ever more restrained in their support of a pro-business approach. Even with the most

recent LDP-led government under former Prime Minister Aso, the emphasis had shifted strongly in favor of recalibrating earlier reform measures that had gone too far in the eyes of leading politicians. As a case in point, former reform minister Heizo Takenaka has totally lost influence, and has withdrawn from political functions.

It is illuminating to look at the role of postal reform. While this is only one area, although a particularly important one, it is understood in Japan to be emblematic of any government's willingness and efforts to reform the enterprise sector. The privatization of postal services, which includes the leading savings-collecting organization in Japan, the Postal Bank, had been a centerpiece of Koizumi's agenda, and a significant piece of the platform on which he won his landslide victory in the parliamentary elections of 2005. Under succeeding governments, politicians moved away from the original reform goals, and those who had always been against the privatization gained an ever-stronger position within the LDP and the government. During the final months of the Aso cabinet, when the election of 2009 was at stake, Aso openly declared that he had always been against postal reform and that he wanted to reconsider it. The DPJ-led coalition is even more clearly opposed to the postal reform, as one of its leading members, Financial Services Minister Shizuka Kamei, has always been an outspoken critic. During an important meeting in February 2010, it was decided that the government should retain 51% of the stock in the postal holding company.

Citation:

Linda Sieg: Japan PM under fire over postal reform remarks, forbes.com, 02.06.09, <http://www.forbes.com/feeds/afx/2009/02/06/afx6016826.html>

Aurelia George Mulgan: Reversing reform: How special interests rule in Japan, April 12th, 2010, EastAsia Forum, <http://www.eastasiaforum.org/2010/04/12/reversing-reform-how-special-interests-rule-in-japan/>

Cabinet of Japan: On the New Growth Strategy (Basic Policies), Provisional translation, 30 December 2009

## Taxes

Generally speaking, Japan has a modern tax system that allows its corporate sector to thrive, and which is reasonably fair. For instance, the tax wedge on labor income is one of the lowest among OECD countries, and thus encourages employment and growth. However, an increasing number of issues dealing with business competitiveness and revenue sufficiency emerged during the

Tax policy  
Score: 5

reporting period. Several equity issues have also persisted from the past. During the period under review, few concrete steps were taken to correct these deficiencies, despite several calls for a general tax reform, and despite plans to upgrade the social welfare system that appear to make the government's revenue base less sustainable.

However, it must be acknowledged that the global financial crisis has made it extremely difficult to pass any significant tax increases, or even tax decreases aimed at enhancing equity or improving growth incentives. The 2010 tax reform program proposed by the new DPJ-led government, which passed the upper house in March 2010, concentrates on a number of technical issues for the business community but includes no major structural changes. For instance, tax haven rules are relaxed to allow for easier international supply-chain planning. The DPJ had also pledged during the 2009 electoral campaign to reduce the tax rate for small and medium-sized enterprises (SMEs) from 18% to 11%. However, this raises equity issues and allocative concerns, as many SMEs seem structurally uncompetitive.

Citation:

Ernst & Young: Japan's 2010 tax reform: Update, 9 April 2010, <http://tax.uk.ey.com/NR/rdonlyres/ejqrkrxdh4fmpmgxr3eklra73mm6vq73vvcic76jpxt7cah7tddaeohng5ybfxtnrejfufq7ncobno667p3wzq2flm4b/ITA060.pdf>

OECD: Economic Survey of Japan 2009. Policy Brief, September 2009

## Budgets

Budget policy  
Score: 3

Public indebtedness in Japan is approaching 200% of GDP, or 100% on a net basis, the highest level of any developed economy. During the period under review, few concrete steps were taken to correct this situation, despite repeated calls for a general tax reform, and despite plans to upgrade the social welfare system that appear to make the government's revenue base even less sustainable. The Aso-led government's December 2008 social welfare program offers a case in point.

Citation:

Ernst & Young: Japan's 2010 tax reform: Update, 9 April 2010, <http://tax.uk.ey.com/NR/rdonlyres/ejqrkrxdh4fmpmgxr3eklra73mm6vq73vvcic76jpxt7cah7tddaeohng5ybfxtnrejfufq7ncobno667p3wzq2flm4b/ITA060.pdf>

OECD: Economic Survey of Japan 2009. Policy Brief, September 2009

## B Social affairs

### Health care

Health policy  
Score: 7

Japan has had a universal health-care system since 1961. The overall accomplishment of the country's medical system is evident in the fact that Japan has one of the world's highest life expectancies, and that infant mortality rates are among the world's lowest. Despite these achievements, the health care system faces a number of challenges due to remaining weaknesses and newly emerging trends. One issue is quality. Several problems persist in various fields, including, for instance, an extremely long waiting period before globally top-selling drugs and medical devices are introduced in Japan, the professional standards of physicians, and rather high delinquency rates in paying dues to the National Health Insurance system. Another problem concerns coverage: Non-regular workers in particular sometimes lack coverage under the extant payment mechanisms. A serious structural issue is the aging of the population, which is leading to ever-rising cost pressure.

The DPJ, the senior governing party since September 2009, concentrated particularly on one aspect of the issue in its election manifesto: the perceived shortage of doctors. The number of doctors per head is some 40% lower than in Germany or France. The DPJ is considering measures such as an increase in medical services fees. Funding is to some extent earmarked as coming from regulated drug price revisions. Yet even if these measures are both appropriately executed and successful, other challenges associated with calibrating higher costs and acceptable quality in a rapidly aging population still linger.

Citation:

Randall Jones: Health-care reform in Japan: Controlling costs, improving quality and ensuring equity, OECD Economics Dept Working Paper No. 739, 4 December 2009

### Social inclusion

Social inclusion  
policy  
Score: 7

Japan, once a model of social inclusion, has developed considerable problems of income inequality and poverty during the past decade.

The DPJ-led government is particularly outspoken on these issues. Equity concerns formed a considerable part of the DPJ's electoral

manifesto, and of former Prime Minister Hatoyama's policy speech upon inauguration. It is an open question whether the government can muster enough funds to develop truly substantial policies for social inclusion, however. During its first months of office, the DPJ government gained less funds from scrapping supposedly wasteful fiscal programs than it had hoped. The most significant social inclusion measure put into legislative form in March 2010 involved financial support for households with school-aged children.

Citation:

Florian Coulmas: The Quest for Happiness in Japan, DIJ Working Paper 09/1, German Institute for Japanese Studies, Tokyo 2009, [http://www.dijtokyo.org/publications/WP0901\\_Coulmas.pdf](http://www.dijtokyo.org/publications/WP0901_Coulmas.pdf)

## Families

Family policy  
Score: 6

A major focus for family policy in Japan in recent years has been the attempt to improve the ability of women to balance work and family. According to the most recent OECD statistics, Japan has the group's second-highest gender gap in terms of median incomes earned by fulltime employees, for instance. Although several policy measures aimed at addressing this issue have been implemented since the 1990s, challenges have remained quite severe. With respect to the sharing of housework and child care duties, for instance, studies have shown little has changed since the mid-1990s: Fathers and husbands still spend little time on housework and child care, even during weekends.

The new DPJ-led government has shown itself determined to introduce more tangible policies. As an election pledge, the DPJ promised monthly payments of 26,000 yen (roughly €200) for each new child up to the age of 15, along with the introduction of more state-supported day-care facilities, tuition waivers and other measures. As the reporting period closed, the government was about to introduce half of the monthly payment program. However, the country's difficult fiscal situation has led to some debate as to whether the expensive program will be effective, and whether it can be financed to the full.

Citation:

Daisuke Wakabayashi and Miho Inada: Baby Bundle: Japan's Cash Incentive for Parenthood, The Wall Street Journal, 9 October 2009

Ishii-Kuntz, Masako: Sharing of Housework and Childcare in Contemporary Japan, UN Division for the Enhancement of Women, EGM/ESOR/2008/EP.4, 19 September

2008

No author.: Govt may reduce child-rearing allowances, Daily Yomiuri Online, 13 April 2010, <http://www.yomiuri.co.jp/dy/national/2010413TDY02T03.htm>

## Pensions

Pension policy  
Score: 4

With a rapidly aging population, Japan faces critical challenges in setting up and administering a sound, equitable and distributionally acceptable pension system. The last major overhaul was based on 2004 legislation and became effective in 2006. Under its provisions, future payments will rise less than inflation, payments (after an intermediate period) will commence at age 65 instead of age 60, contributions top out at 18.3% of income, and a payout ratio of 50% is promised. However, the program's assumed relationship between future payment levels, contributions and the starting age for receiving benefits is based on optimistic macroeconomic forecasts. Following the experience of the global financial crisis, these assumptions seem increasingly unrealistic, and further reform is needed.

Another critical issue is old-age poverty. A third issue concerns the technical efficacy of the mechanisms employed. At this point, the assets of the Government Pension Investment Fund are mostly held in Japanese government bonds. Given the financial precariousness of Japan's public debt, it seems advisable to spread the risk further, but this might lower public trust in the soundness of public debt. A major technical issue was the government's recent loss of millions of pieces of contributor data, which led to a public uproar in 2007. LDP governments were unable to handle this controversy in an acceptable manner, and the loss of faith in former Prime Minister Yasuo Fukuda, which eventually led to his sudden resignation in September 2008, was partly related to this pension scandal.

However, the succeeding Aso and Hatoyama governments still had to deal with the lost data issue. Separately, Hatoyama suggested the use of more tax revenues to finance the pension system, but no specific policies have been put in place; it is unclear which (new) sources of tax revenue could be used for this purpose. At the time of writing (August 2010), more concrete proposals for pension reform were expected later in the year.

## Integration

Integration policy  
Score: 4

None of the governments serving during the period under review proved to be particularly proactive in supporting integration and immigration, despite calls in 2008 by a Japanese business organization (Nippon Keidanren) and others to develop a “Japanese-style” immigration policy. Indeed, the views on foreigners expressed by former Prime Minister Aso, as well as many of the statements made by his followers, were seen by many as problematic. Prime Minister Hatoyama announced at the APEC summit in November 2009 that Japan might accept more immigrants, but he also noted that he was broaching a “sensitive issue,” and that prejudices in the population remain.

Citation:

Nippon Keidanren (Japan Business Federation): An Economy and Society That Responds to the Challenges of a Declining Population, 14 October 2008, <http://www.keidanren.or.jp/english/policy/2008/073.html>

Philippe Mesmer: Japan : A lukewarm welcome for immigrants, Guardian Weekly, 7 January 2010, <http://www.guardianweekly.co.uk/?page=editorial&id=1415&catID=17>

Ikuo Narita: No way around need to refashion Japan’s immigration policy, in: Nikkei Weekly, 5 October 2009, p. 26

## C Security

### External security

External security  
policy  
Score: 7

Under its post-war constitution, Japan has in a formal sense renounced war and is not allowed to keep military forces. While it does maintain so-called self-defense forces, Japan nevertheless has had to rely on a strong military alliance with the United States and its nuclear umbrella. At the same time, Japan has had to manage a delicate relationship with neighboring East and Southeast Asian countries, many of which it had occupied or colonized before World War II. With the rising importance of China as a military as well as economic factor in the region, triangulation between these relationships has become increasingly demanding.

There are conflicting views among Japanese intellectuals and politicians on how to reconfigure Japan’s security posture and its alliance with the United States. While some opinion leaders believe

that less reliance on the United States and new multilateral security arrangements are called for in the post-Cold War era, more cautious observers (and the LDP mainstream) point out that in the face of threats from North Korea and in view of a rising China, Japan's national security can be guaranteed only through continued reliance on the United States. Policy preferences on security and defense issues vary widely within the DPJ. Even before the 2009 election, DPJ leader Yukio Hatoyama proposed the establishment of a "more equal" alliance with the United States. This seemed to suggest that he – and possibly the government led by him – wanted to distance himself somewhat from the United States and instead seek closer relationships with Pacific Asian countries.

Citation:

Yukio Hatoyama: A New Path for Japan, *The New York Times*, 26 August 2009, <http://www.nytimes.com/2009/08/27/opinion/27iht-edhatoyama.html>

Kitaoka, Shin'ichi: Hatoyama's US Policy: An Unsteady Hand on the Tiller, *Japan Echo*, April 2010, pp. 10-15.

Terashima, Jitsuro: Common Sense About the Japan-US Alliance, *Japan Echo*, April 2010, pp. 16-20.

### **Internal security**

Internal security  
policy  
Score: 9

Japan enjoys a reputation for a very low crime rate. For major crimes such as homicide or hard drug abuse, this is well deserved. Major terrorist attacks have also posed little concrete threat in recent years; the last major incident was the subway poisoning by the notorious Aum Shinrikyo cult in the mid-1990s. With respect to lesser offences, particularly with respect to burglaries and robberies, Japan now occupies only a middle rank among OECD countries. Another issue is the existence of organized gangs (so-called yakuza), which have never been eradicated, although incidents in which these groups molest ordinary citizens seem rather rare.

Citation:

National Police Agency (Japan): *Police of Japan* 2010, <http://www.npa.go.jp/english/kokusai/Contents.htm>

## D Resources

### Environment

Environmental  
policy  
Score: 7

Japan was a global leader in terms of antipollution policy and energy conservation during the 1970s and 1980s, partially due to research and development and the forceful implementation of its breakthroughs, and partially to the relocation of polluting industries outside of Japan. More recently, Japan has been faced by two major concerns; first, how to contribute successfully to the global reduction of CO<sub>2</sub> emissions, and second, how to improve the energy mix of the economy.

With regard to the Kyoto goals set for 2012, by 2005 Japan was already some 8% beyond the base level of 1990, unable to achieve any significant reduction compared to 1990 by the 2008 – 2012 reference period. In June 2009, then-Prime Minister Aso announced a medium-term target for 2020 of a 15% reduction compared to 1990 levels. In September 2009, Yukio Hatoyama received considerable international attention when, as the incoming prime minister, he repeated a pre-election DPJ pledge to achieve a 30% reduction in CO<sub>2</sub> levels by 2020 as compared to 2005 (or 25% compared to 1990), on the condition that all major emitters reached a treaty setting fair and realistic reduction levels. Domestically, he faced considerable criticism from industrial associations and trade unions, because it was feared that such an ambitious reduction might only be realized by forsaking growth. Although the DPJ had promised to install a mandatory cap-and-trade regime, which would make industrial adjustment unavoidable, as well as introduce a carbon tax, the draft bill eventually released by the Environment Ministry in February 2010 did not contain a mandatory system; moreover, it was not specified which industries would be subject to the regime.

With respect to energy mix, LDP-led governments for many years supported a growing role for nuclear energy in electricity generation. However, after a number of accidents in power plants, it became more doubtful whether such a strategy would remain politically feasible. In a remarkable policy shift, Japan introduced a feed-in tariff system in November 2009 to support renewable energies; however, this is so far limited to solar power, with a relatively short guaranteed support period of 10 years.

“As of April 2010, the METI industry ministry was preparing a new framework plan for energy, which was said to aim for a rise in the share of emission-free electricity sources from the current 34% to 70% in 2030.

Citation:

Shigeru Sato: Japan’s Draft Climate Bill Omits Mandatory Limit on Emissions, Bloomberg News, updated 3 March 2010

Ministry of Economy, Trade and Industry (Japan): Present Status and Promotion Measures for the Introduction of Renewable Energy in Japan, (January 2010), [http://www.meti.go.jp/english/policy/energy\\_environment/renewable/index.html](http://www.meti.go.jp/english/policy/energy_environment/renewable/index.html)

## Research and innovation

Research and  
innovation policy  
Score: 7

Japan developed into one of the world’s leading research and development (R&D) nations during the postwar period. Current policies are based on the Third Science and Technology Basic Plan, put into effect in 2006. The policy field is overseen by the Council for Science and Technology Policy, which is headed by the prime minister and oversees the various ministries and agencies involved, a fact offering evidence of the high status given to this issue. Following the success of the DPJ in the September 2009 elections, the coordination authority was supposed to be transferred to a newly created National Strategy Office, but progress on this matter has proved slow. Basically, the government has in recent years sought to focus its expenditures on R&D areas it considers “strategic”; in October 2008, it therefore introduced a process for the prioritization of science and technology (S&T) matters. As an additional measure to focus policies, five top-priority policy issues were defined in 2009: transformative technologies, low-carbon technology, S&T diplomacy, regional empowerment through S&T, and pioneering projects for accelerating social returns. In fiscal 2009, 35% of the funds earmarked for strategic priorities were allocated to five areas, including fast breeder-reactor technology, rockets, ocean and earth observation systems, supercomputers, and free-electron X-ray lasers. The matrix of “priorities” is considered somewhat bewildering by many observers.

R&D-related policies have played a considerable role in the anticrisis stimulus program as well. As the reporting period ended, the new DPJ-led government was still in the process of clarifying its priorities,

which will enter the Fourth Basic Plan in the near future. It is generally understood that “green development” will play a leading role, in line with U.N. backing for a “Green New Deal,” and the prospect of social returns will receive wider attention.

Citation:

Ministry of Education, Culture, Sports, Science and Technology (MEXT, Japan): White Paper on Science and Technology 2009 (Provisional Translation) , <http://www.mext.go.jp/english/wp/1288376.htm>

Lennart Stenberg and Hiroshi Nagano: Priority-Setting in Japanese Research and Innovation Policy, on behalf of Vinnova (Swedish Governmental Agency for Innovation Systems), December 2009, <http://www.vinnova.se/upload/EPiStorePDF/va-09-23.pdf>

## Education

Education policy  
Score: 6

Education has always been considered to be a strong point in Japan, a country with a Confucian tradition in which parents take great care and often go to significant expense to offer their children good schooling.

However, the Japanese education system faces a number of challenges. One is to deliver adequate quality. To make tertiary education, particularly university education, more effective, the 2001 administrative reform transformed the national universities into independent agencies. However, the recent Review of Tertiary Education in Japan, published in early 2009 by the OECD, found that the indirect influence of the ministry in charge (MEXT) remains high, and recommended that the government “leave detailed operational plans to the institutions.” A second issue is concerned with reconciling the education system’s diverse needs and stakeholders. The inclusion of women is still suboptimal; there are comparatively few graduates in engineering and natural sciences; vocational training needs further support; and the number of foreign students is still small, making up only 2.7% of university-level enrollments. A third issue is the problem of dealing with growing income inequality and the economic downturn. Many citizens who consider the quality of the public school system to be lacking send their children to expensive cram schools; but given economic hardship, poor households may have to give up educational opportunities, future income and social status. In this context, the Tokyo Metropolitan Board of Education allowed schools in its jurisdiction to return to the six-day school week system in early 2010; this is intended to increase quality without forcing parents to pay for extra cram schooling.

As for the effects of the recent global economic crisis, many young school and university graduates have been unable to find adequate employment, the highest number since 2000.

Citation:

OECD: Education at a Glance 2009 - Summary of key findings (Japan), September 2009, <http://www.oecd.org/dataoecd/41/14/43633767.pdf>

OECD: Japan must continue reforms in tertiary education, says OECD [http://www.oecd.org/documentprint/0,3455,en\\_2649\\_34487\\_42282193\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/documentprint/0,3455,en_2649_34487_42282193_1_1_1_1,00.html)

No author given (Editorial): Thorough debate needed before reverting to six-day school week system, Mainichi Daily News, 19 February 2010, <http://mdn.mainichi.jp/perspectives/editorial/news/20100219p2a00m0na006000c.html>

## Management Index

### I. Executive Capacity

#### A Steering capability

##### Strategic capacity

Strategic planning  
Score: 6

The new DPJ-led government aims at fostering a higher level of prime ministerial leadership and strategic government planning, inter alia by setting up a National Strategy Office (to be turned into a full bureau after appropriate legal changes are made), to be chaired by the prime minister and directed by a state minister (initially Naoto Kan, then Yukio Edano). The new organ is tasked with prioritizing policies, providing orientation and setting basic directions for policies across the spectrum of issues; it is also meant to underline the fact that elected politicians, not bureaucrats, are responsible for policymaking. At a more abstract level, the National Strategy Bureau (NSB) is tasked with highlighting the state of Japanese politics and society.

One of the core aims behind the establishment of the NSB was to restructure and centralize the functions of the Cabinet Secretariat, which had become bloated since Koizumi's time in office. Councils had been established to address a wide variety of topics, and had the secretariat had lost orientation as a consequence. The NSB is thus designed to reestablish order within the Cabinet Secretariat, endowing the latter with "centripetal power." However, it is important to note that final decisions can only be taken by the cabinet, not by the NSB.

Citation:

Hideaki Tanaka: Political Leadership and the Policymaking Process (1), The Tokyo Foundation, 16 April 2010, <http://www.tokyofoundation.org/en/articles/2010/political-leadership-and-the-policymaking-process-1>

Scholarly advice  
Score: 4

The Japanese government is supported by a large number of advisory councils, numbering roughly 90 at the ministerial level alone. These are usually composed of private sector representatives, journalists, civil servants and trade unionists. It has frequently been

asked whether these advisory boards truly have a decisive influence on policy-making, or whether the bureaucracy rather uses them to legitimize its policies by nudging seemingly independent bodies into making proposals that would be forthcoming in any case. As discussed above, the new DPJ-led government is quite critical of the role of bureaucrats in policy-making. From that perspective, it is also suspicious of the ubiquity of such councils, which include a significant number of academic advisors. Following the autumn 2009 election, many councils' work was put on hold. This does not relate to all such groups, however. For instance, a new body called the Industrial Competitiveness Committee, answering to the Ministry of Economics, Trade and Industry (METI), was added to the Industrial Structure Council in February 2010 and tasked with developing ideas about the long-term competitiveness of the Japanese economy. It includes a number of university professors and academics from institutes.

Citation:

Membership roster, Industrial Competitiveness Committee, as of 25 February 2010, <http://www.meti.go.jp/committee/materials2/downloadfiles/g100225a02j.pdf>

### **Inter-ministerial coordination**

Under the central government reform implemented by the Koizumi government in 2001, the role of central institutions was considerably strengthened. While retaining and making use of the substantially beefed-up resources of the Cabinet Secretariat, the new DPJ-led government has put particular emphasis on transferring effective control over the budget from the Ministry of Finance to the newly established National Strategy Office (NSO), chaired by the prime minister and led by a minister of state (first Naoto Kan, then Yukio Edano). On a symbolic level and perhaps in the future also on a material level, the NSO embodies the principle of prime ministerial leadership (Takayasu 2009). It is tasked with (politically) determining priorities, including budget priorities; acting as a think tank within the core executive, by collecting and disseminating ideas, and making numerous hitherto existing councils redundant; providing political council to the prime minister, who has to date often relied on the chief cabinet secretary for this function; and fostering information flow within cabinet.

The NSO experienced a bumpy start in 2009: In setting up the first (supplementary) budget, the division of labor between the (then)-National Strategy Office and the Ministry of Finance remained somewhat vague.

GO expertise  
Score: 8

## Citation:

Takayasu, Kensuke: Kokka senryakukyoku wa nani o subeki ka?, in: Sekai, December 2009, pp. 140-147.

GO gatekeeping  
Score: 6

Present guidelines for policy coordination, which were passed by the Japanese cabinet in 2000, hold the Cabinet Secretariat to be the highest and final organ for policy coordination below the cabinet itself. In statutory terms, the Cabinet Secretariat was thus placed above other ministries and national agencies. The empowerment of the Cabinet Secretariat has de jure enabled Japanese prime ministers to return items envisaged for cabinet meetings on policy grounds. In reality this rarely happens, as usually the only items to reach the cabinet stage are those on which consensus exists. However, this does not rule out conflicts over contentious policy issues among coalition partners, which can also flare up at the cabinet level. This has already been witnessed on a few occasions during the coalition government of the DPJ, the People's New Party and the Social Democratic Party (between September 2009 and June 2010).

## Citation:

Shinoda, Tomohito (2005), "Japan's Cabinet Secretariat and Its Emergence as Core Executive," in: Asian Survey 45, 5, pp. 800-821.

Line ministries  
Score: 8

During the past decade, line ministries and the central policy-making bodies at cabinet level, particularly the Cabinet Secretariat, have communicated intensively in the preparation of policy proposals. Traditionally, since the early years of the so-called 1955 system – 1955 being the year in which the LDP was founded – the LDP's own policy-making bodies, which mirror the ministries closely, have also been involved. Contacts between ministries and cabinet-level bodies have been particularly close due to the dense relationships linking senior civil servants. However, such relations have sometimes appeared almost too close, even for recent LDP-led governments. Former Prime Minister Abe, for instance, wanted to increase the number of outsiders in Cabinet Secretariat positions.

## Citation:

Cabinet Secretariat, Cabinet Public Relations Office: First Meeting of the Government Revitalization Unit (22.10.2009), [http://www.kantei.go.jp/foreign/hatoyama/actions/200910/22sassin\\_e.htm](http://www.kantei.go.jp/foreign/hatoyama/actions/200910/22sassin_e.htm)

Cabinet committees  
Score: 4

Following the government reform in 2001, government committees were established in a number of important fields, in which

coordination among ministries with de facto overlapping jurisdictions plays an important role. The most important among these is the Council for Economic and Fiscal Policy (CEFP), headed by the prime minister. However, in two respects, this is not a “ministerial committee” in the strict sense of the definition used in this section. First, it has only an advisory function. Second, individuals from the private sector – two academics and two business representatives in the current configuration – are included. This can increase the impact of such a council, but it also means that it is somewhat aloof from concrete political processes.

In order to break the dependence of the cabinet on the national bureaucracy, the new DPJ-led government abolished the administrative vice-ministers’ meeting. Its high-level coordination role has been given instead to a cabinet-level committee in charge of discussing key issues ahead of cabinet meetings, the members of which change depending on the issue at hand. Measures approved by this committee are then submitted for cabinet approval.

The administrative vice-ministers meeting has traditionally been the most important government committee in the preparation of cabinet meetings. It was composed of the heads of the civil services of the various ministries. It has always been a matter of some dispute whether this council simply set the agenda for cabinet meetings in a formal sense, performing tasks such as preparing documents, or whether it played a more ambitious gate-keeping role determining which issues were taken up in cabinet meetings and in which manner. However, as part of the new DPJ-led government’s drive to downgrade the role of senior bureaucrats, the vice-ministers meetings were abolished. As pledged by the DPJ in the 2009 election campaign, 100 members of parliament have now been assigned to government ministries (up from 70 under LDP rule). Time will tell how the working relationships between senior ministry personnel and these new political nominees, who often lack expertise or experience in their new field of responsibility, will evolve, or whether the political appointees will ultimately develop direct influence and even a guiding role in shaping cabinet-level decision-making. There are bound to be differences from ministry to ministry.

When the DPJ and its coalition partners took over government responsibility in 2009, a number of high-profile measures were put in place aimed at reducing the influence of civil servants in policy-making. One measure was to abolish the administrative vice-ministers meeting. Another was that political appointees rather than senior civil servants are now required to speak on behalf of their ministries, particularly in the course of official functions such as reports to the Diet or press conferences; when this happens, they are

Senior ministry  
officials  
Score: 5

Line ministry civil  
servants  
Score: 5

not to read from pre-formulated scripts but to speak freely about the political issues involved. It is an open question whether the new government will be successful in reducing the strength of the civil service. Because politicians will have to rely on the expertise and loyalty of civil servants in the future, the path that the DPJ-led government is taking is a very delicate one.

Informal coordination  
procedures  
Score: 8

It is almost folk wisdom that informal contacts between Japanese decision makers are extremely important. During formal meetings, it is difficult to mention all important points explicitly, for instance in order to avoid “loss of face” situations. For that reason, considerable effort is made to prepare meetings in an informal manner, ensuring a “binding of roots” (nemawashi), or to reach the “true” decisions in an informal environment, such as during visits to restaurants or bars. While this may involve only those persons who are formally involved in the decision making, such procedures can also reach well beyond the circle of those who are formally involved, sometimes leading to collusion, nepotism or even corruption.

On the level of “organized informal mechanisms,” one of the most important channels of coordination for policy-making has been the informal meetings and debates between the ministries and the policy research departments of the major parties, particularly of the LDP. It has sometimes been suggested that the directors of the LDP policy research departments, which closely mirror the ministry structure of the government, may have been as or even more powerful than the serving ministers. With the advent of the new DPJ-led government, this system has come to a halt. The DPJ has pledged to abolish its policy research branch and to rely only on official mechanisms.

Citation:

The Mainichi Daily News: Discord surfaces within gov't over continued Japanese participation in ISS, 16 April 2010, <http://mdn.mainichi.jp/mdnnews/news/20100416p2a00m0na007000c.html>

Kakizaki, Meiji: Prospects for a Two-Headed Administration, Japan Echo, February 2010, pp. 11-18.

## RIA

RIA application  
Score: 9

The basic framework for policy evaluation in Japan is the Government Policy Evaluations Act of 2001. According to the OECD, this was only used sporadically until 2004. The Regulatory Reform Program of 2004 ordered that regulatory impact assessments (RIAs) were to be administered in a more systematic way. By the time of a

review and revision of the system by Japan's government in 2005, it was considered to have taken root. In fiscal year 2008, some 7,088 policy evaluations were undertaken by the various ministries, compared to 3,709 in 2007. With regard to the "challenges" formulated by the OECD in its 2004 report on regulatory reform in Japan (p. 2), Japan has now fulfilled most of the points mentioned, at least in a formal sense. The new DPJ-led government has pledged to make a careful examination of existing policies, aiming to cut costly measures that lack obvious social merit; it hopes thus to create the budgetary flexibility to pursue its own priorities. As a new body attached to the Cabinet Office, the Government Revitalization Unit conducted a number of televised interviews with project leaders in late 2009, which some characterized as similar to an "inquisition," and which were noteworthy for the lack of professionalism of some of the questions and arguably of some of the decisions reached.

Citation:

Ministry of Internal Affairs and Communications (Japan): Annual Report on Policy Evaluation in FY2008 (Summary), [http://www.soumu.go.jp/main\\_sosiki/hyouka/seisaku\\_n/pes/annual\\_rp2008.pdf](http://www.soumu.go.jp/main_sosiki/hyouka/seisaku_n/pes/annual_rp2008.pdf)

Needs analysis  
Score: 9

The appropriate analytical depth of regulatory evaluation has been carefully defined at least since the revision of the policy evaluation system in 2005. According to the Basic Guidelines for Implementing Policy Evaluation (Revised) of March 2007, the necessity, efficiency and effectiveness of measures are to be the central considerations for evaluations; other issues include equity and priority. The structure and content of assessments are further clarified in the Policy Evaluation Implementation Guidelines of 2005 and the Implementation Guidelines for Ex-Ante Evaluation of Regulations of 2007; all of these specifications contain quite demanding tasks that must be performed as a part of the evaluations.

Citation:

Cabinet Decision (Japan): Basic Guidelines for Implementing Policy Evaluation (Revised), March 2007, [http://www.soumu.go.jp/main\\_sosiki/hyouka/seisaku\\_n/pes/basic\\_guidelines.pdf](http://www.soumu.go.jp/main_sosiki/hyouka/seisaku_n/pes/basic_guidelines.pdf)

Ministry of Internal Affairs and Communications (Administrative Evaluation Bureau), in conjunction with Waseda University (the Okuma School of Public Management): Overview of the International Symposium on Policy Evaluation, June 2006,

Alternative options  
Score: 8

The Implementation Guidelines for Ex-Ante Evaluation of Regulations of August 2007 define "necessary" standard operating procedures for ex-ante policy evaluations. They explicitly include the need for comparisons with alternatives. If possible, this analysis should

encompass non-regulatory means as well. As a caveat, the guidelines note that if a measure based on other laws or ordinances is evaluated, the underlying regulations are not to be questioned.

It should be noted in passing that Japan possesses another mechanism to evaluate alternative policy options, namely the experimental application of regulatory changes in specially designated regions, based on the Law on Special Zones for Structural Reform of 2002, revised in 2007. The new DPJ-led government intends to use this mechanism as a means to strengthen citizen input in reforming policies (based on a cabinet decision in December 2009).

Citation:

Interministerial Liaison Meeting on Policy Evaluation (Japan): Implementation Guidelines for ex-ante Evaluation of Regulations, 24 August 2007, [http://www.soumu.go.jp/main\\_sosiki/hyouka/seisaku\\_n/pes/implementation.pdf](http://www.soumu.go.jp/main_sosiki/hyouka/seisaku_n/pes/implementation.pdf)

Werner Pascha and Petra Schmitt: Japans Deregulierungszonen als wirtschaftspolitisches Experimentieren, in: David Chiavacci and Iris Wieczorek (eds.): Japan Jahrbuch 2010 (forthcoming)

### **Societal consultation**

Negotiating public support  
Score: 7

The traditional practice of LDP-led governments was to pursue societal consultation through the so-called “iron triangle,” which refers to the dense links between the elected politicians, the ministerial bureaucracy, and large business concerns. However, these mechanisms tended to exclude other societal actors, including the trade union movement and the small and medium-sized enterprise sector. Since the onset of the 1990’s economic problems, tensions within this triangle have increased, and during the most recent years of LDP-led government, through 2009, relations were so strained that one could speak of a demise of the “iron triangle” system.

Since the start of the new DPJ-led government in 2009, government relations with the trade union sector have vastly improved. Since the DPJ’s founding in the mid-1990s, the trade union umbrella organization Rengo and a number of individual unions have supported the party and its candidates financially, with manpower and in terms of voter mobilization. Tellingly, the first two DPJ cabinets have included former labor union leaders, and lobbying government-affiliated members of parliament has become easier since the DPJ’s rise to power. However, it remains to be seen whether the DPJ-led government’s tighter links with the labor movement will have a major

impact on policy-making.

Citation:

Asahi shimbun: Rengo has bigger voice than ever, 8 March 2010, <http://www.asahi.com/english/TKY201003080233.html>

Nikkei Weekly: Nippon Keidanren laboring to push policies with DPJ in power, 14 June 2010, p. 28

## Policy communication

Coherent  
communication  
Score: 6

Policy communication has always been a priority for Japanese governments. Ministries and other governmental agencies have been very active in publishing regular reports, often called “white papers,” as well as other materials on their work. These materials are full of rich details, though observers have sometimes found the sheer quantity of brochures, data and other material bewildering. Ministries and other agencies have sometimes used public communication to stake their claims on specific policy areas. Another critique has been that policy statements have become rather vague. Particularly with respect to visions of the future economy, recent statements have been filled with terms such as “economic individualism” or “people’s power,” for which practical definitions have been difficult to ascertain.

A major departure by the DPJ from earlier communications policy is that politicians with ministry responsibility, particularly the ministers themselves, are now in charge of representing their issue area in the Diet and in press conferences. Ministers and other politicians have used various means to hold press conferences and communicate with the public, including the solicitation of direct feedback over the Internet. There have been cases in which the ministerial civil servants were not even aware that their minister was speaking to the public. While this may seem a refreshing departure from the previous regime’s somewhat stiff communication patterns, the new practices have not yet stabilized. Communication may actually have lost transparency as a result, although this could be seen as a typical transition-period problem.

Citation:

DPJ: The Democratic Party of Japan’s Platform for Government, [as of 27 July 2009], <http://www.dpj.or.jp/english/manifesto/manifesto2009.pdf>

DPJ: Supplementary Sentences to Clarify Expressions in the DPJ Manifesto, 11 August 2009,

## B Policy implementation

### Effective implementation

Government  
efficiency  
Score: 6

Cabinets in Japan changed in rapid succession during the period under review. Prime ministers Fukuda and Aso each lasted only about one year, while Yukio Hatoyama, the first prime minister from the DPJ, left office after only about nine months. In none of the three cases did cabinets have the time to pursue their chosen agenda effectively.

Ministerial  
compliance  
Score: 6

Japan's formal institutional political framework provides the prime minister with powerful tools to control ministers. Prime ministers can appoint and fire ministers at will. Moreover, prime ministers can also propose or veto specific sectoral policies themselves if they want to do so. In practice, however, prime ministerial options have been more limited, as most of them have lacked full control over their own parties. During the long reign of the LDP, which came to an end only in August 2009,

prime ministers were often not able to choose ministers as they wished, as they had to take into account the power and preferences of intraparty factions when allocating portfolios. On the other hand, the powerful entrenched national bureaucracy and a relatively high degree of cabinet discipline all effectively constrained ministers' opportunities to put personal before national or party interests.

The new DPJ government has initiated institutional reforms aimed at centralizing policy-making within the core executive. It remains to be seen whether coalition agreements can really help to foster the cabinet's collective responsibility, or keep ministers hailing from small coalition partners from simply pursuing their own party's agenda. Certainly, the experience of the relatively short-lived DPJ-PNP-SDP coalition government showed how difficult it can be to balance the need for policy coherence with the need to satisfy individual party clienteles.

Monitoring line  
ministries  
Score: 7

Generally speaking, the Cabinet Office, established during Koizumi's years of government, offers the means of monitoring ministry activities. It has also developed the personnel capacity to do so. However, it cannot de facto survey all activities at all times, and it is questionable whether either the prime minister or the chief cabinet secretary have the clout to use this apparatus effectively. The DPJ-government has made efforts to control the budgeting process, taking this function away from the Ministry of Finance, with the Government

Revitalization Unit playing an important role in the preparation of the 2010 budget. While this unit still seems to act somewhat erratically, such a body offers a potentially strong mechanism of oversight, and the government seems determined to concentrate budget-making control at the top level of the central government.

Monitoring agencies  
Score: 7

Japanese ministries are traditionally run by civil servants that stay within the same ministry for their whole career. Government agencies that belong to the functional area of a specific ministry are thus also directed by civil servants delegated from that ministry, who may also return to it after a number of years. From that perspective, control of executive agencies below the ministerial level can be quite effective. This mechanism is supported by budget allocation and person-to-person peer networks.

In 2001, so-called independent administrative agencies were established, following New Public Management recommendations to improve the execution of well-defined policy goals by handing them over to professionally managed quasi-governmental organizations. Such independent agencies are overseen by evaluation mechanisms similar to those discussed in the section on RIA, based on modified legislation. During the period under review, voices skeptical of this arrangement have gained ground, because the effective use of this independent-agency mechanism has been hindered to some extent by the network effects mentioned above, and because the administrators in charge frequently do not possess a managerial mindset, but rather originate from the civil service.

Task funding  
Score: 5

The dependence of local governments – prefectures and municipalities – on central government is strong. Local taxes account for less than half of local revenues, and there is a complicated system of vertical fiscal transfers. Local governments can follow their own policies only to a limited extent, as they are generally required to execute central policies. During the period under review, pressure on expenditures has further increased, as local budgets are responsible for a considerable proportion of the rising costs associated with the aging population, as well as social policy expenses due to the growing income disparities and poverty rates. Moreover, tax income has been disappointing during the period, due to the sluggish economy and the contraction of the economy following the Lehman Brothers collapse in late 2008.

Japanese authorities are well aware of these issues. At least until 2007, the level of local government indebtedness had been stabilized. Measures aimed at this goal included a merger of municipalities designed to create economies of scale, lower

personnel costs and lower levels of public investment. This latter policy was implemented by LDP-governments and is being continued by the new DPJ-led government. The new government also hopes to increase fiscal decentralization further, but no concrete progress has been made yet.

Citation:

Ministry of Internal Affairs and Communications (Japan): White Paper on Local Public Finance 2009, [http://www.soumu.go.jp/iken/zaisei/21data/090826\\_1.pdf](http://www.soumu.go.jp/iken/zaisei/21data/090826_1.pdf)

Constitutional  
discretion  
Score: 4

Local autonomy is guaranteed by the Japanese Constitution. However, Articles 92 to 95 of Chapter VIII, which discuss local self-government, are very short and quite unspecific. The central state makes its power felt through three mechanisms in particular: control over vertical fiscal transfers, the delegation of functions that local entities are required to execute, and personnel relations between the central ministry in charge of local autonomy and local entities. Moreover, "carrots" exist as well as "sticks," such as cofinancing schemes for public works. In the last decade, there has been a growing number of initiatives aimed at increasing local autonomy further. To some extent, this has been motivated by fiscal necessity, as local autonomy was seen as a way to save money. However, some of the pressure has come from local populations and civil society organizations seeking to take over local functions, arguing that they have more insight into what is needed and sensible on their level.

Citation:

Anthony Rausch: Post Heisei Merger Japan. A New Realignment in the Dōshū System, Discussion Paper No. 2 in 2010, electronic journal of contemporary japanese studies, <http://www.japanesestudies.org.uk/discussionpapers/2010/Rausch.html>

National standards  
Score: 8

Japanese government authorities lay great stress on providing reasonable unitary standards for the provision of public services. The recent move toward decentralization makes it particularly important to raise standards for the local provision of public services. On the central government level, the Ministry of Internal Affairs and Communications is in charge of this task, which involves direct supervision, personnel transfer between central and local entities, and training activities. While direct administrative supervision has lost some importance compared to legal and judicial supervision, the result of a reform in the year 2000 that abolished local entities' agency functions in a strict sense, other channels were still important during the period under review. On the local level, particularly on the

level of prefectures, there is a rather elaborate training system that is linked in various ways with the national level.

Citation:

Yoshinori Ishikawa: Training of Japanese Local Government Officials as a Policy of Human Resource Development, Papers on the Local Governance System and its Implementation in Selected Fields in Japan No.2, 2007, [http://www.clair.or.jp/e/hikaku/kan\\_kou.html](http://www.clair.or.jp/e/hikaku/kan_kou.html)

## C Institutional learning

### Adaptability

Domestic  
adaptability  
Score: 6

Japan's reform processes are usually driven by domestic developments and interests, but international models or perceived best practices do play a role at times. With respect to the extensive governmental reform program initiated by the DPJ, for example, the (somewhat idealized) "Westminster system" operating in the United Kingdom has served as a role model for top DPJ personnel. Other actors interested in reform have frequently appealed to international standards and trends to support their position. However, in many cases it is doubtful whether substantial reform is truly enacted, or whether Japan rather follows international standards in only a formal sense, with underlying informal institutional mechanisms changing much more slowly.

International  
coordination  
Score: 8

During the period under review, Japan was actively involved in the new G-20 mechanism designed to meet the challenges of global financial turmoil. As its part of the multilateral effort, Japan contributed a considerable economic stimulus program. In foreign and security policy, the so-called Peace Constitution, and particularly its Article 9, makes it difficult for Japan to engage in international missions that include the use of force. Under recent LDP-governments, Japan did take part in a refueling mission in the Indian Ocean to support antiterrorism operations in and around Afghanistan. However, this was domestically controversial, and the new DPJ-led government stopped the mission in January 2010. However, it promised to help international efforts financially, pledging up to \$5 billion in aid to the region over the next five years. With respect to global warming, Prime Minister Hatoyama sought to show international leadership in late 2009 by promising a reduction in CO2 levels of 25% by 2020 (as compared to 1990 levels), provided that other major economies made comparable efforts. However, some observers doubt that Japan could achieve this goal without

substantially undermining economic growth, thus sparking domestic opposition strong enough to derail the program. Japan has emphasized its Asia-Pacific regional roots, and has actively forwarded and contributed to regional programs. However, with respect to global and regional leadership, Japan has found it difficult to contribute visionary plans attracting support by others, although it is noteworthy that plans for regional financial cooperation, such as the Chiang Mai program, have gathered momentum in recent years and have been quite markedly shaped by Japanese proposals. Still, it is often difficult for Japan to voice its positions on international cooperation forcefully enough against the sometimes conflicting and competing views of the United States and, more recently, China.

### **Organizational reform capacity**

Self-monitoring  
Score: 6

Considering and debating government institutional reform has been a major theme in Japanese politics for more than a decade. His credible attempt at institutional reform was the key reason why former Prime Minister Koizumi realized such a decisive election victory in the lower house elections of 2005. Later governments have not been afforded the time to develop strong reform initiatives, but each of the succeeding LDP governments ranked restoring trust through institutional reform as an important task. The new DPJ-led government too included a wide-ranging consideration of institutional alternatives as a major chapter in its election manifesto, and performing this task has occupied a considerable amount of the new government's first months in office.

Institutional reform  
Score: 5

In recent years, the most significant organizational reform attempts were then-Prime Minister Koizumi's measures in 2001 – 2002 to strengthen cabinet-level policy-making. A second major attempt is currently ongoing, represented by the new DPJ-led government's attempt to put elected politicians in charge of the government apparatus. However, it is too early to pass judgment on the new DPJ-government's reform measures, particularly as many of them have not even successfully passed the legislative process.

## II. Executive accountability

### D Citizens

#### Knowledge of government policy

Policy knowledge  
Score: 7

There is a substantial amount of information about policies and policy-making available in Japan.

However, while there are significant opportunities to become informed, this does not necessarily mean that citizens feel satisfied and consider the information trustworthy. In the 2006 AsiaBarometer study, 56% of respondents stated that they were very or somewhat satisfied with the scope of the right to be informed about government. A 2007 survey found that 38% found NHK and 37% found newspapers to be reliable sources of information. While these percentages are not particularly high, it may nevertheless be concluded that, compared to many other countries, Japanese citizens seem to enjoy a high standard in terms of available information on government policy, but that they are also critical viewers and readers.

Citation:

Open Source Center (of the CIA): Japan - Media Environment Open; State Looms Large, 2009, [www.fas.org/irp/dni/osc/japan-media.pdf](http://www.fas.org/irp/dni/osc/japan-media.pdf)

### E Legislature

#### Legislative accountability

Obtaining  
documents  
Score: 9

Government documents can be obtained at the discretion of legislative committees. There are typically no problems in obtaining such papers in a timely manner. As the internal culture of committees varies, depending for instance on the personality of the chairperson, the actual use of this right differs among committees.

Citation:

The House of Representatives (Japan): Guide to the House: Committees, [http://www.shugiin.go.jp/index.nsf/html/index\\_e\\_guide.htm](http://www.shugiin.go.jp/index.nsf/html/index_e_guide.htm)

Summoning  
ministers  
Score: 9

Committees may demand the presence of ministers and lower-ranking top ministry personnel, such as senior vice-ministers, among others. There has been no formal change in this power since the 2001 administrative reform. Previously, senior civil servants frequently attended legislative hearings, while junior politicians are expected to do so today. This change was aimed at increasing the role of elected politicians. Under the new DPJ-led government, one can expect the tendency for appointed politicians to answer to parliament to increase; indeed, as the review period drew to a close, there were even proposals to forbid civil servants from answering questions from the Diet.

Summoning experts  
Score: 7

Under Article 62 of the constitution, the Diet, including committees, can summon witnesses, including experts. Summoned witnesses have the duty to appear before parliament. The opposition can also ask for witnesses to be called, and under normal circumstances such requests are granted by the government. However, the use of expert testimony in parliamentary committees is not widespread; experts, academic and otherwise, are relied upon more frequently within the context of government advisory committees, in particular at the ministry level.

Task area  
coincidence  
Score: 9

The Diet's standing committees closely correspond to the jurisdiction of the government's major ministries. Indeed, the areas of committee jurisdiction are defined in this manner. The portfolios of the ministers of state – there have been up to five such ministers in recent cabinets, covering task areas such as financial services, consumer affairs and civil service reform – are not covered by committees with the same task areas. There are a number of additional standing committees carrying out tasks such as disciplinary matters or other functions.

Citation:

House of Representatives (Japan): Summary of the jurisdictional areas of standing committees, [http://www.shugiin.go.jp/index.nsf/html/index\\_honkai.htm](http://www.shugiin.go.jp/index.nsf/html/index_honkai.htm)

Audit office  
Score: 7

The Board of Audit of Japan is considered to be independent of the executive, the legislature and the judiciary system. It submits yearly reports to the cabinet, which together with the cabinet's financial statements are forwarded to the Diet. The board is free to choose its own points of focus, but parliament can request audits on special topics. Since 2005, the board has been able to forward opinions and recommendations between submissions of its regular yearly audit reports.

Citation:

The Board of Audit Law, [http://www.jbaudit.go.jp/engl/pdf/c\\_contents25\\_law.pdf](http://www.jbaudit.go.jp/engl/pdf/c_contents25_law.pdf)

Ombuds office  
Score: 5

According to Article 16 of Japan's constitution, each citizen has the right to peaceful petition. While there is no "ombuds office" as such, the two houses of parliament handle petitions received by them through their committees on audit and administrative oversight. However, a more important petition mechanism is found in the Administrative Evaluation Bureau of the Ministry of Internal Affairs and Communications. This is Japan's member of the Asian Ombudsman Association. The bureau runs an administrative counseling service that handles about 180,000 complaints per year. It has various offices throughout the country, and supports some 220 civil servants. In addition, about 5,000 volunteer administrative counselors serve as go-betweens.

Citation:

Asian Ombudsman Association: AOA Fact Sheet - Administrative Evaluation Bureau, Japan, <http://203.124.43.62/factsheets/JapanFactsheet.pdf>

## F Intermediary organizations

### Media

Media reporting  
Score: 8

The NHK public broadcasting station traditionally provides ample and in-depth information on policy issues. It had a near-monopoly on this role until the 1970s. Since that time, the major private broadcasting networks have also moved into this field, while trying to make the provision of information entertaining. NHK dominates the 7 p.m. news slot and also provides a long news program at 9 p.m., in addition to its widely seen morning programs ("Ohayô Nihon"). Private broadcasters have various interesting programs in the 11 p. m. slot. TV Asahi's "Sunday Project" and NHK's "Nichiyo Toron" are examples of a tendency to present high-profile information and serious policy-related talk shows on Sundays. NHK also operates a news/speech-based radio program (Radio 1). It is difficult to determine the extent to which TV-based information has been influential with respect to political developments and policy-making. This is certainly the case when political content can be combined with powerful pictures or video footage. In the early 1990s, TV Asahi's Sunday Project famously and repeatedly featured a group of three younger LDP politicians (nicknamed YKK), among them Yunichiro Koizumi, and it is said that his publicity rose remarkably through this exposure. In recent years, the appearance of a drunken Japanese

finance minister in February 2009 during a televised interview in Rome contributed significantly to the public's disillusionment with the LDP.

### **Parties and interest associations**

Party competence  
Score: 7

Both major parties, the LDP and the DPJ, prepared detailed election programs for the 2009 lower house election. Such “manifestos” were introduced by the DPJ in the 2003 lower house election, and they represent a growing tendency to draw closer connections between parties, their policy propositions, and their candidates. Previously, elections had very much been based on personalities, candidates' electoral networks, and pork-barrel spending aimed at supporting and maintaining such networks. Despite shortcomings in the actual programs identified, the overall positive contribution of these manifestos to Japan's political process should not be underestimated. As for the 2009 programs, the DPJ was rather clear in its priorities, distinguishing between five major pledges, five major principles and five major policies, for instance. It provided a clear distinction between superior objectives, subordinate objectives and related policy measures. The DPJ even attached specific cost estimates and deadlines to its proposals. However, it is a major weakness in this process that it remains unclear how the various costly schemes are to be realized during Japan's post-crisis period of economic hardship and severe fiscal strain. Some of the measures appear overly simplistic, such as the promise to find “hidden treasures” in the existing budget, or to effectively diminish the role of bureaucrats through a number of formal changes. There are also a number of obvious contradictions, such as the inherent conflict between the populist promise to eliminate highway tolls and the need for fiscal restraint and environmental incentives. Some controversial issues are not mentioned at all, like the DPJ's stance toward the refueling mission in the Indian Ocean. The LDP's “promise” (yakusoku) was considerably less specific in comparison. For instance, it did not as clearly distinguish between principles, overarching goals, subordinate goals and instruments. Information about individual policy proposals' cost and timeline was much more vague, an issue that has long been subject to criticism. To be fair, it should be noted that the evident specificity of the DPJ proposals may have been more apparent than real. The LDP was handicapped by having been in charge of most of the policies that it was now criticizing as having been from another era. To the LDP's credit, it has not shied away from a number of possibly unpopular policy proposals, such as the more or less explicit demand for an increase

in the consumption tax.

Citation:

LDP manifesto: [http://www.jimin.jp/jimin/english/pdf/2009\\_yakusoku\\_e.pdf](http://www.jimin.jp/jimin/english/pdf/2009_yakusoku_e.pdf)

DPJ manifesto:

Association  
competence  
(business)  
Score: 7

Japan's leading business and labor organizations regularly prepare topical policy proposals designed to stir public debate and influence government policy-making. Specifically, the business federations Nippon Keidanren and Doyukai, the national organization of the Japanese Chamber of Industry and Commerce, and the leading trade union federation Rengo should be mentioned in this context. Such organizations can make their impact felt not only by publishing policy papers, but also through their membership in government advisory committees. As the financial support of political parties by business has declined, particularly with respect to the demise of the traditional "iron triangle" linking large businesses with the LDP and the bureaucracy, politicians have also become less willing to consider the views of these interest groups seriously. Some competition between the organizations has helped to raise the quality of their proposals. While there is an obvious scramble for influence between Rengo and the business organizations, sometimes leading to explicit statements criticizing each other's views, there is also growing competition among business organizations themselves. For instance, Nippon Keidanren is dominated by large enterprise groups, and has been somewhat slow in demanding a further opening of the economy. The Doyukai is more characterized by strong independent companies, and is outspoken in demanding a more open business environment.

Association  
competence  
(others)  
Score: 4

Civil society organizations do not have a long tradition in Japan. Until 1998, it was very difficult to found such an organization and ensure a steady flow of membership contributions. The Non-Profit Organization (NPO) Law of 1998 improved the situation considerably. Nevertheless, the depth and breadth of such organizations in Japan is still limited. This has to some extent been overcome in selected policy fields such as international development issues or environmental concerns, and in regional or local policy arenas.

Citation:

Think Tanks and Civil Societies Program (University of Pennsylvania): The global "Go-to Think Tanks" 2009, January 2010, <http://www.ony.unu.edu/2009%20global%20to%20think%20tank%20report.pdf>

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