



Japan Report

Werner Pascha, Patrick Köllner,
Aurel Croissant (Coordinator)

Sustainable Governance
Indicators 2016

Executive Summary

After years of short-lived cabinets, the 2012 general election led to a stable coalition including the Liberal Democratic Party (LDP) and the Komeito. The coalition under Prime Minister Shinzo Abe has also benefited from a majority in the second chamber since the 2013 upper-house election, giving it a strong basis to pursue its ambitious economic and foreign-affairs agenda. A snap election for the lower-house in December 2014 confirmed the governing coalition, which continues to hold a two-thirds majority in the first chamber.

Since 2013, the government has implemented some major policy initiatives, particularly in the field of economic policy. It initiated a major stimulus program (“three arrows”), which included aggressive monetary easing and additional deficit spending, pursued in conjunction with the Bank of Japan. This unprecedented policy gamble (“Abenomics”) entails enormous risks, including the danger of uncontrollable inflation. While the short-term effects were positive, continued weak demand has prevented a sustained upswing from resulting.

Perspectives in the longer term will depend on serious structural reforms, the third arrow of Abenomics. The early revitalization programs were met with considerable skepticism, as were a new set of measures announced in mid-2015. However, the government did implement a number of noteworthy initiatives, including a value-added tax increase in April 2014 and a new Corporate Governance Code in early 2015. The conclusion of the Trans-Pacific Partnership (TPP) negotiations in October 2015 could herald a further round of economic liberalization, particularly with respect to the agricultural sector. However, the treaty still has to be ratified and new compensatory support schemes are being considered.

With regard to the pressing issues of labor-market flexibility and labor shortages due to an aging population, no genuine solution can be discerned. Despite paying considerable lip service to increasing women’s labor-market role (“womenomics”), the government has not yet presented convincing ideas for aligning women’s ability to raise children while simultaneously playing a larger part in the economy. In addition, increasing immigration is still considered to be inconceivable.

Constitutional reform, the government's second major stated policy priority, has been met with considerable resistance to constitutional change. However, the government opted in 2014 for a reinterpretation of the constitution to allow for collective self-defense (i.e., through providing military support to partner countries in cases when Japan itself is threatened). In September 2015, despite considerable public protest, the government successfully passed new security legislation in parliament. Public support for the government temporarily dropped below 40% for the first time as a result.

Restarting the first nuclear plant in August 2015 after the triple catastrophe of 2011 also contributed to public protests, but the government calculated that the weakness of opposition parties would allow it to push its agenda forward. This has presented a stark contrast to previous governments' decisions to do little more than tinker with existing policies. At the same time, a broad and sometimes conflicting set of interests is now represented even within the ruling parties. It remains to be seen whether influential vested interests will prevent important and as-yet-unaccomplished economic reforms to be carried out.

With respect to the quality of democracy, the courts and the major media remain of only limited effectiveness in terms of providing checks on the government. However, high-level courts have become somewhat more restless. Additionally, social media and civil-society organizations have become more relevant following the catastrophes of 3/11 with scrutiny of the government rekindled by the controversy over the introduction of the new security laws. Nevertheless, these efforts seem confined to a few issues (such as slowing the recommissioning of nuclear-power plants). In the wake of the recent passage of a law governing state secrets, as well as attempts to sideline progressive voices within the established media, concerns about press freedom and civil liberties have risen. Moreover, the legislature effectively lacks the ability to properly oversee and launch initiatives vis-à-vis the government. The governing coalition's supermajority in the lower house severely impedes the opposition's capacity to provide an effective oversight function within parliament.

Like previous DPJ-led governments (2009 – 2012), the current LDP-led government has sought to steer from the center, for instance by strengthening the Kantei (cabinet secretariat) and central governing bodies (including a newly established National Security Council). Such attempts at institutional reorganization and innovation seem to have been more successful than under the DPJ. However, tensions between cabinet-level and line ministries and their constituencies remain, and have delayed third-arrow reforms in several sectors. Opposition to top-level government figures within the bureaucracy

from within the ruling parties has also become more pronounced, pointing to a continuity of long-established path dependencies within the Japanese political system.

Key Challenges

During the postwar period, Japan developed into one of the strongest economies in the world. As a result, Japan has achieved a high standard of living and safe living conditions for almost 130 million people. Despite major problems such as a rapidly aging population and an inadequate integration of women into its workforce, it has remained one of the leading economies in the world. In this sense, referring to the period since the 1990s as “lost decades” undervalues the achievements of Japan’s political and economic system in sustaining a competitive, safe and vibrant nation.

Notably, however, disposable incomes have risen little in recent years. In addition, a new precariat has emerged. Following the recent years’ rise of part-time and contract work, a record 16% of the population in 2014 lived in relative poverty – that is, on less than half the median income – in a country that was once hailed as the epitome of equitable growth.

Japanese governments have been torn between seeking to give the economy new momentum and consolidating the country’s battered public finances. The post-2012 LDP-led government has reoriented macroeconomic policy in a bold but extremely risky fashion (“Abenomics”), attempting to double the monetary base and engaging in another round of expansionary fiscal policy, despite a gross public debt of well over 200% of GDP.

The government is aware that short-term expansionary measures must be followed by serious structural reforms. Major work in this regard still needs to be done, with critical policy objectives including a sweeping reduction of agriculture-sector protections (perhaps using the successful conclusion of TPP negotiations in September 2015 to provide momentum), the creation of a more liberal labor-market regime (in part to make layoffs easier), the provision of effective support for well-educated women (a policy which despite new measures still seems to lack the firm support of the establishment), the passage of much more liberal immigration policy, the development of a convincing energy policy (in part entailing the greater use of renewable energies to lower the risk of nuclear power and CO2 emissions), and the passage of social-policy reforms that focus on combating hardships. However, the time for genuine progress is running out as the time bought through macroeconomic stimulation

comes to an end; as of the time of writing, the inflation rate still had not reached the targeted 2% per annum, and the Bank of Japan seems unconvinced that further stimulatory monetary-policy measures will be feasible.

In the field of foreign and security policy, it will be very tricky for the LDP to balance its successful reformulation of security laws and possible further moves toward constitutional change with these policies' possibly negative effects on (regional) foreign relations, particularly in conjunction with limited popular support for this policy direction.

The ruling coalition's comfortable majorities in both chambers of parliament provide the current government with both opportunity and challenges. They give the government the necessary leverage to push through reforms, but also strengthen the position of vested interests that oppose a disruption of the comfortable status quo. It will be critically important for the cabinet-level leadership to stay firm with respect to its socioeconomic reform agenda. The government will need to strengthen alliances with interest groups that support the reform movement. This may include Japan's globally oriented business sector, which has little interest in seeing its home market further weakened, as well as heavyweight executive actors such as the Ministry of Finance, which has always supported prudent fiscal and economic policies. Leadership from the top will be needed to overcome reform opposition even within the cabinet. However, any attempt to pursue the government's two major priorities, economic and constitutional reform, at the same time, will be risky, as the recent past has lent more credence to the conjecture that the coalition's remaining political capital may not suffice to accomplish both. Without the return to a strong economy, constitutional change will not create a more self-assured Japanese state. Thus, socioeconomic reform should take precedence.

It would be extremely helpful if the courts and media, including social media and civil-society movements, strengthened their underdeveloped monitoring and oversight capacities. To date, the parliament has not provided effective checks and balances with respect to the government. Parliamentarians need to make better use of the resources provided to them to develop alternative legislative initiatives. One alternative way out of Japan's conundrum could be to abandon the search for universal country-level solutions and instead allow for policy experiments at various levels. Fiscal decentralization, or the provision of greater autonomy to the regions, has been on the agenda for a long time and should be pursued further. Separately, the introduction of new special economic zones (tokki) in 2014 and regional-vitalization special zones in 2015 is a welcome step, but this strategy should be bolder and more encompassing.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 5

The LDP-led government, which took office in December 2012, embarked on a so-called “three arrows” strategy, consisting of aggressive monetary easing, a highly ambitious deficit-financed spending program (despite record levels of public debt), and a program of structural reforms. In the short term, the first two arrows led to a surge of optimism in the economy, although their unorthodoxy entails grave hazards that would have been deemed irresponsible even a year before. According to The World Bank, Japan’s economy grew 1.6% in 2013. A strong devaluation of the yen in response to the monetary easing played a considerable role. Corporate profits and share prices also rose significantly. Another positive sign was that deflation was overcome, for the time being.

With only a few exceptions, progress on promised structural reforms (the “third arrow”) such as liberalizing labor markets and the agricultural sector has been much slower, frustrating many observers. The introduction of a new Corporate Governance Code in spring 2015 can be seen as a major positive step. However, the Abe government chose to expend considerable amounts of its political capital in 2014–2015 to push through a more assertive defense policy, somewhat losing sight of the economic reform agenda. In September 2015, Abe announced three “new” arrows, including a strong economy with a nominal economic output of JPY 600 trillion (about €4.5 trillion Euros) by 2020 — about 20% more than is presently the case. Additional new policy proposals included improvements to the child-care and social-security systems, particularly for the elderly. However, this vision lacked reference to specific instruments, thus diminishing its credibility. Many observers see it as an attempt to deflect attention from the earlier third-arrow agenda and its apparent underachievement.

Current macroeconomic developments have helped produce the disenchantment with Abenomics. Economic growth has not picked up significantly, but has instead fluctuated, with second-quarter 2015 results even slightly negative. The goals of a 2% annual inflation rate and concomitant increases in inflation expectations have not been achieved, despite a further increase in the target for annual asset purchases – mainly government bonds – to JPY 80 trillion annually (about €600 billion) in 2014. The target date for achieving the 2% inflation rate had to be extended twice, and as of the time of writing stood at late 2016 or early 2017. In its late-October 2015 board meeting, the Bank of Japan left its policy unchanged. This was interpreted by many as a signal that the central bank does not believe monetary policy (alone) can achieve the desired results, and that suitable government policies in other fields are still lacking.

The conclusion of the TPP trade agreement between Japan, the United States and 10 other Pacific states in early October 2015 could lead to significant liberalization of Japan's agricultural sector, thus representing a major success with respect to the original "third arrow" of Abenomics, even though tariffs on rice will remain in place. However, it is not yet clear whether the government can succeed in obtaining ratification for the treaty in the face of domestic opposition even within the government parties, and TPP's future is unclear in other states as well, including the United States. Moreover, new support schemes are being contemplated in parallel with the treaty's enactment. However, the government has succeeded in weakening the protectionist Central Union of Agricultural Cooperatives (Japan Agriculture JA – Zenshu) by giving individual cooperatives more independence. The overall effect remains unclear.

Citation:

Takashi Nakamichi and Megumi Fujikawa, Bank of Japan Lowers Growth, Inflation Forecasts, *The Wall Street Journal*, 30 October 2015, <http://www.wsj.com/articles/bank-of-japan-keeps-monetary-policy-unchanged-1446176117>

Mina Pollmann, Agricultural Reforms in Japan Pave the Way for TPP, *The Diplomat*, 12 February 2015, <http://thediplomat.com/2015/02/agricultural-reforms-in-japan-pave-the-way-for-tpp/>

Labor Markets

Labor Market
Policy
Score: 7

In recent years, Japan's unemployment rate remained below 6% (although this figure would likely be somewhat higher if measured in the same manner as in other advanced economies). While unemployment rates for those under 30 years of age, especially among 20-to-24-year-olds, continue to be above average and have indeed risen since the late 2000s, the incidence of unemployment among 60-to-64-year-olds has declined significantly since the

early 2000s – in large part due to government support schemes – and is now close to average.

However, as in many other countries, the Japanese labor market has witnessed a significant deterioration in the quality of jobs. Retiring well-paid baby boomers have, more often than not, been replaced by part-timers, contractors and other lower-wage workers. The incidence of non-regular employment has risen strongly; while only one-fifth of jobs were non-regular in the mid-1980s, this ratio had risen to one-third by 2010. A major concern is that young people have difficulty finding permanent employment positions, and are not covered by employment insurance. Moreover, because of the nonpermanent nature of such jobs, they lack appropriate training to advance into higher-quality jobs in the future. Most economists argue that the conditions for paying and dismissing regular employees have to be liberalized to diminish the gap between both types of employment.

Unemployment insurance payments are available only for short periods. In combination with the social stigma of unemployment, this has kept registered unemployment rates low. There is a mandatory minimum-wage regulation in Japan, with rates depending on region and industry. The minimum wage is low enough that it has not seriously affected employment opportunities, although some evidence shows it may be beginning to affect employment rates among low-paid groups such as middle-aged low-skilled female workers.

The LDP-led government has promised sweeping reforms. However, the measures taken thus far have proved rather disappointing to the business world. The tightening labor market, with unemployment rates around 3.6% in autumn 2015, along with the rising active-job-openings-to-applicants ratio (around 1.2), have reduced the pressure for the government to act decisively. The government's visions of increasing the role played by women in the economy and of boosting the national birth rate have provide difficult to achieve at the same time. An October 2015 White Paper published by the Ministry of Health, Labor and Welfare showed awareness of this tension, and proposed more child-care support in line with Abe's "new three arrows." However, the paper lacked specific details indicating how such support would be achieved.

Citation:

Ryo Kambayashi, Daiji Kawaguchi and Ken Yamada: The Minimum Wage in a Deflationary Economy: The Japanese Experience, 1994-2003, IZA Discussion Paper No. 4949, May 2010

Kyodo News, Gov't report urges more labor reform, childrearing support, 28 October 2015, <http://www.japantoday.com/category/national/view/govt-report-urges-more-labor-reform-childrearing-support>

Tax Policy
Score: 6

Taxes

Generally speaking, Japan has a modern and reasonably fair tax system that in the past allowed its corporate sector to thrive.

In terms of competitiveness, the current 35% corporate-tax rate is clearly too high in international comparison. According to reform plans announced in June 2014, the government wants to cut the top marginal rate to less than 30% over several years, beginning in FY 2015. While the measure may lead to a significant increase in growth rates, skeptics within the Ministry of Finance point to the certainty of negative short-term effects on the budget deficit. In late 2014, the ruling LDP reiterated its intention to cut rates beginning in 2015, with somewhat lower decreases specified this time.

While the effective corporate-tax rate was 32.11% in fiscal 2015, the Ministry of Finance is said to be considering revoking some tax breaks to ease the pressure on the fiscal situation.

The fact that authorities are following up on their initial promise to lower corporate taxation rates despite the fiscal tension can be regarded as a positive signal. It should be noted, however, that only around 30% of Japanese firms actually pay corporate tax, with the rest exempted due to poor performance.

Raising the remarkably low consumption tax has been seen as an important mechanism in easing budgetary stresses, particularly given the huge public debt. The government raised the consumption tax rate from 5% to 8% in April 2014, and plans to raise it further to 10% in April 2017. Yet even if this step is taken, the increase appears to be too small to counter the country's revenue shortfall entirely.

In contrast to the corporate-tax reform agenda, the debate over the value-added tax has frequently been influenced by political factors. The rise to 10% was scheduled to take place earlier, but was postponed for electoral reasons. In late 2015, Abe was said to be considering a reduction in the general rate for specific goods such as daily necessities, which would contradict the logic of fiscal consolidation, but would please his New Komeito coalition partner.

The country's tax system achieves a reasonable amount of redistribution. However, compared to self-employed professionals, farmers and small businessmen, salaried employees can take advantage of far fewer tax deductions.

Citation:

Nikkei, Japan to cut effective corporate tax rate below 30% in FY17, Nikkei Asian Review, 11 October 2015, <http://asia.nikkei.com/Politics-Economy/Policy-Politics/Japan-to-cut-effective-corporate-tax-rate-below-30-in-FY17>

Budgets

Budgetary Policy
Score: 2

Gross public indebtedness in Japan amounted to 246% of GDP in 2014, the highest such level among developed economies. The budget deficit also remains high, around 7.3% in 2014. In its July 2015 Article IV staff report, the IMF (like others) urged the government to address the deficit problem more seriously, and to present a determined medium-term consolidation strategy. According to the Abe government's three-year growth plan made public in June 2015, the budget deficit is slated to be reduced to 1% before interest payments by 2018, with primary balance reached by 2020. The plan offers little in terms of additional tax- or expenditure-related measures, apart from the already agreed rise in the value-added tax from 8% to 10%, focusing on reform measures. However, as argued elsewhere in this report, progress in these areas is highly uncertain.

On the positive side, the budget's degree of dependence on selling new government bonds has declined in recent years, from a high of 48% in 2010 to 43% in 2014. However, the sustainability of this decline is questionable.

Nominal interest rates have been and remain low. A major factor producing these rates is the fact that more than 90% of public debt is held by Japanese, mainly institutional investors. The government and institutional investors obviously have no interest in lower bond prices, and this oligopoly of players can thus sustain the current price level of Japanese government bonds for the time being. However, should national savings fall short of domestic needs – a foreseeable event given the aging of Japanese society – future government deficits may be difficult to absorb domestically. If this were to be the case, government bond prices could fall and interest rates could rise quickly, which would create extremely serious problems for the Japanese government budget and the country's financial sector.

Citation:

Robin Harding, Japan bets on growth to curb debt as Abe reveals three-year plan, The Financial Times, 22 June 2015, <http://www.ft.com/intl/cms/s/0/cb6d0432-18d7-11e5-a130-2e7db721f996.html#axzz3qWPpbaMR>

International Monetary Fund, Japan 2015 Article IV Consultation - Staff Report; and Press Release, IMF Country Report No. 15/197, July 2015

R&I Policy
Score: 7

Research and Innovation

In the second half of the 20th century, Japan developed into one of the world's leading nations in terms of research and development (R&D). Even during the past two so-called "lost decades," science, technology and innovation (STI) received considerable attention and government funding. Current policies are based on the Fourth Science and Technology Basic Plan (2011 – 2016). The emphasis has shifted away from a supply-side orientation fostering specific technologies such as nanomaterials to a demand-pull approach cognizant of current economic and social challenges. In 2015, plans were underway for the Fifth Basic Plan. According to an interim report released in January 2015, concrete proposals in this package would include a reform of the career system for young researchers, an increase in (international) mobility, measures supporting the development of a cyber society, and – as has been usual – the promotion of critical technologies, including those considered indispensable for Japan's independence and autonomy.

In institutional terms, basic research and innovation policy has been overseen by the Council for Science and Technology Policy (CSTP) since 2001. This body is currently headed by the prime minister, signaling the high status accorded to STI issues. In previous years, the council lacked concrete powers and clout. The LDP-led government has changed that, with the CSTP installed as a think tank above the ministries, and provided with budgetary power and increased personnel. Program directors are appointed to oversee various measures. While the recent, somewhat bewildering, variety of measures introduced has made this move plausible, it remains to be seen whether the addition of a new bureaucratic layer above the ministries will ultimately increase efficiency.

Strengthening the institutional structure remains a priority. The former Japan Aerospace Exploration Agency (JAXA) has been renamed as the National Research and Development Agency Japan, and is slated to take on broader responsibilities according to the draft Fifth Basic Plan.

Citation:

MEXT, Japan's STI Policies looking beyond Mid-long Term –Toward the 5th Science and Technology Basic Plan –, Tentative translation, January 2015

Stabilizing
Global Financial
Markets

Global Financial System

Japan played a largely positive role in responding to the global financial crisis of 2008/09. For instance, apart from domestic stimulus measures, it provided a

Score: 6

large loan to the IMF and also played an active role at the regional level, as for instance with its involvement in the Chiang Mai Initiative Multilateralization. Japan has engaged in multilateral discussions on improving the global financial architecture, but has not been particularly proactive or effective in this regard. The strong devaluation of the yen starting in 2013, in the wake of aggressive monetary expansion, showed little consideration for competing economies.

As host of the 2016 G-7 meeting, Japan will have an opportunity to engage in agenda setting. However, according to remarks by Prime Minister Abe in August 2015, influencing the international financial architecture does not seem to be a high-priority issue for Japan.

On the regional and plurilateral level, Japan's influence was somewhat eclipsed by China during 2015, as China was heavily involved in the creation of a number of new international financial institutions such as the (BRICS) New Development Bank and the BRICS Reserve Contingency Arrangement. Unlike dozens of other nations, Japan also chose not to join the new Asian Infrastructure Investment Bank (AIIB) initiated by China, and will thus be unable to influence the bank's governance.

Domestically, Japan has various mechanisms in place designed to protect vulnerable groups from the full effects of a financial crisis. The principal mechanism is the Deposit Insurance Corporation of Japan. Since 2005, the deposit-insurance program has covered up to JPY 10 million (about €7,300 in October 2014 prices) plus accrued interest per depositor per financial institution. Moreover, the corporation has instruments applicable to bank-failure resolution, the purchase of non-performing loans and assets, and capital injection. In the interest of financial stability, an orderly resolution mechanism for failing financial institutions was specified by an April 2014 amendment to the Deposit Insurance Act.

New insolvency legislation has made exit from overburdening debt easier. However, the government and established players within the financial system, as well as owners, often prefer to keep ailing companies afloat, meaning that it is difficult to remove terminally ailing companies from the corporate system.

Citation:

Addressing concerns with the AIIB, Japan Times, 1 July 2015, <http://www.japantimes.co.jp/opinion/2015/07/01/editorials/addressing-concerns-aiib/>

II. Social Policies

Education

Education Policy
Score: 6

Education has always been considered one of Japan's particular strengths. Nonetheless, the Japanese education system faces a number of challenges. One of these is to deliver adequate quality and, particularly under the new LDP-led coalition, renewed emphasis has been placed on reaching the top international tier as well as improving the use of English. In 2014 – 2015, this included the introduction of special subsidies for a number of so-called super global universities and high schools. Measures intended to streamline the structure of schooling and exams have been implemented, though it remains too early to evaluate results. While the number of students going abroad for study has been declining for a number of years, this trend seems to have halted recently. In mid-2015, a Ministry of Education (Monbukagakusho) order caused a commotion within the education sector, as it seemed to ask national universities to scrap departments and courses addressing humanities and the social sciences. However, the terminology was ambiguous, and possibly intentionally so. There are concerns that the government's focus on "practical" education is too strong, and that its respect for academic independence is too weak.

Another issue is the problem of growing income inequality at a time of economic stagnation. Many citizens, considering the quality of the public school system to be lacking, send their children to expensive cram schools; given economic hardship, poor households may have to give up educational opportunities, future income and social status.

In terms of efficiency, the ubiquity of private cram schools is evidence that the ordinary education system is failing to deliver desired results given the funds used. The general willingness to spend money for educational purposes reduces the pressure to economize and seek efficiencies.

Citation:

Fumio Isoda, Major Makeover for the University Entrance System, Nippon.com Op-ed, 18 March 2015, <http://www.nippon.com/en/currents/d00166/>

Social Inclusion

Social Inclusion
Policy
Score: 6

Japan, once a model of social inclusion, has developed considerable problems with respect to income inequality and poverty during the course of the past decade. Gender equality also remains a serious issue.

The LDP-led government in power since late 2012 has opted to focus its attention on its growth agenda (the “third arrow” of its major policy initiative). Social inclusion measures that fit this agenda (for example, increasing child-care options for working mothers) still play a role. A 2015 IMF paper argued that the government’s 2014 reform agenda, with its focus on “human resources capabilities” for disadvantaged groups among others, as well as on “reforming the employment system,” should reduce inequality. However, it remains unclear whether these reforms can be successfully implemented. The wealthy will benefit disproportionately from a 2015 increase in tax exemptions for gifts (from the elderly to the younger generation).

Citation:

Chie Aoyagi et al., How inclusive is Abenomics?, IMF Working Paper 15/54, March 2015

Health

Health Policy
Score: 7

Japan has a universal health care system. It also has one of the world’s highest life expectancies – 80 years for men and almost 87 for women (at birth). Infant mortality rates are among the world’s lowest (2.1 deaths per 1,000 live births). However, a prevailing shortage of doctors represents one serious remaining bottleneck. The number of doctors per capita is some 40% lower than in Germany or France. However, judging on the basis of fundamental indicators, Japan’s health care system, in combination with traditionally healthy eating and behavioral habits, delivers good quality.

Nonetheless, the health care system faces a number of challenges. These include the needs to contain costs, enhance quality and address imbalances. Some progress with respect to cost containment has been made in recent years, but the LDP-led government seems to have been determined to postpone adjustments for electoral reasons. The Ministry of Health, Labor and Welfare has dragged its feet on liberalizing the market, and a considerable number of regulations deemed excessive or unnecessary remain in place. More positively, the 2015 Health Policy White Paper, including its list of recommendations, was prepared in collaboration with American and European business organizations in Japan.

Although spending levels are relatively low in international comparison, Japan's population has reasonably good health care access due to the comprehensive National Health Care Insurance program.

Families

Family Policy
Score: 5

According to OECD statistics, Japan has the group's second-highest gender gap in terms of median incomes earned by full-time employees. Japanese government figures show that only slightly more than 6% of women working in the private sector have made it to the level of section manager or beyond. Although several policy measures aimed at addressing these issues have been implemented since the 1990s, many challenges remain.

The LDP-led government claims to support women in the labor force, and has made some effort to improve child-care provision in order to improve the conditions of working mothers. It has introduced several measures in this area, including one intended to improve child-care facilities, and in 2015 a governmental Children and Childrearing Headquarters began work. Prime Minister Abe has set a goal of having 30% of all company managers in the country be women; however, this statement lacks a clear time horizon or specific measures that would enable it to be achieved. Large enterprises are required to produce plans for achieving the goal, but the policy lacks clear rules or sanction mechanisms.

Questions remain as to whether the government is conscious of and willing to overcome the tension between having more women at work and in managerial positions on the one hand, and its intention to raise the country's birth rate on the other. In terms of experimenting with new ideas more generally, it is a positive sign that under the deregulation zone scheme, two prefectures are able to invite more housekeepers from abroad to support working Japanese mothers. However, this policy too is associated with numerous unanswered questions.

Citation:

Atsushi Kodera, Housekeeper import plan still dusty, Japan Times, 27 October 2015, p. 3

Pensions

Pension Policy
Score: 5

Given the rapid aging of the population, Japan's pension system faces critical challenges. The last major overhaul was based on 2004 legislation and became effective in 2006. Under its provisions, future pension disbursements will rise less than inflation, payments (after an intermediate period) will commence at age 65 instead of age 60, contributions will 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. In the wake of the global financial crisis, these assumptions have become increasingly unrealistic, and further reforms are needed.

The LDP-led government that assumed office in late 2012 has focused on reforms improving industrial competitiveness. Based on its 2014 Revitalization Program, the Government Pension Investment Fund has shifted its asset portfolio somewhat away from bonds (and from Japanese government bonds (JGBs) in particular) toward other assets such as stocks. The fund now has a holdings target of 25% each for domestic and for overseas stocks, with this change nearly complete by mid-2015. Many observers are concerned about the higher levels of risk associated with stocks. However, JGBs are also risky due to the Japanese state's extraordinary level of indebtedness.

Japan has a higher-than-average old-age poverty rate, although the previous pension reform contributed to reducing this gap. Intergenerational equity is considered to be an understudied topic among Japanese reformers, although it is recognized that declining birth rates will create new problems for the 2004 reform.

Citation:

Kenichiro Kashiwase et al., Pension Reforms in Japan, IMF Working Paper WP/12/285, 2012

Integration

Integration Policy
Score: 3

In spite of its aging and shrinking population (which, now close to 127 million, is forecast to fall by half to 52 million by 2100 if the current low birth rate persists and immigration remains heavily restricted), Japan still maintains a very restrictive immigration policy. One of the few recent exceptions are bilateral economic-partnership pacts that, since 2008, have allowed Filipino and Indonesian nurses and caregivers to enter Japan on a temporary basis. While some government ministers in 2015 openly called for allowing more immigration, the official line that no review of immigration policy is in the offing remains in place.

The LDP-led government has already relaxed some restrictions with the aim of attracting highly skilled foreign professionals based on its Revitalization Program. Among the changes has been an amendment to the Immigration Control and Refugee Recognition Act that provides for an indefinite period of stay for such professionals. The government is also likely to accept more foreign labor in some sectors in preparation for the 2020 Olympics.

Nevertheless, the Japanese government is still reluctant to embrace immigration. The nationalistic viewpoints held by many LDP lawmakers pose particular challenges in this regard.

Given Japan's restrictive approach to immigration, there is little integration policy as such. Local governments and NGOs offer language courses and other assistance to foreign residents, but such support remains often rudimentary, especially outside the metropolitan centers.

Japan's offers of asylum in response to the intensifying global refugee crisis have been beyond minimal. Out of 5,000 applications in 2014, the Immigration Bureau recognized only 11 asylum seekers as refugees.

Citation:

Kazuyoshi Harada, Japan's Closed-Door Refugee Policy, Nippon.com feature, 19 May 2015, <http://www.nippon.com/en/features/h00107/>

Reiji Yoshida, Japan's immigration policy rift widens as the population decline forces need for foreign workers, 25 November 2015, <http://www.japantimes.co.jp/news/2015/11/25/national/politics-diplomacy/japans-immigration-policy-rift-widens-population-decline-forces-need-foreign-workers/>

Safe Living

Safe Living
Conditions
Score: 9

Japan enjoys a very low crime rate, although it is unclear just how much the effectiveness of internal security policies contributes to this. Other social and economic factors are also at work. For major crimes such as homicide or hard-drug abuse, Japan's good reputation is well deserved. Terrorism also poses no major threat today. With respect to lesser offenses, however, particularly in the case of 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. These groups have recently moved into fraud and white-collar crimes. In late 2015, a war among several gangs seemed imminent, although incidents in which these groups target ordinary citizens seem rather rare.

Global Inequalities

Global Social
Policy
Score: 6

Compared to the OECD average, Japan has typically underperformed in terms of official development assistance (ODA) due to many years of sluggish economic growth. The quality of the aid provided has been improved in recent years. Assistance has been better aligned with Japan's broader external-security concerns, a trend which may also be seen somewhat critically from the perspective of potential recipients. In early 2015, Japan formulated a new Development Cooperation Charter that stresses the principle of cooperation for nonmilitary purposes, the important role of partnerships with the private sector

and local governments, NGOs, civil society organizations and other country-specific organizations and stakeholders others, an emphasis on self-help and inclusiveness, and a focus on gender issues. Effectively, the new ODA guidelines will also enable Japan to support ODA recipients with regard to security matters, for instance by providing coast-guard equipment.

Tariffs for agricultural products remain high, as are those for other light industry products such as footwear or headgear, in which developing economies might otherwise enjoy competitive advantages. On the non-tariff side, questions about the appropriateness of many food-safety and animal- and plant-health measures (sanitary and phytosanitary measures) remain.

The conclusion of the Trans-Pacific Partnership (TPP) in autumn 2015, which would encompass some 40% of global trade, could herald an eventual opening of Japan's agricultural market. However, opposition within Japan's farming sector is still strong, and liberalization could be sidestepped through a focus on food-safety standards. Moreover, as of the time of writing, ratification of the TPP was not certain in Japan (or elsewhere), and doubts remain as to whether the Abe government will indeed be able or willing to overcome domestic opposition.

Citation:

Ken Okaniwa, Changes to ODA Charter reflect new realities, *The Japan Times*, 29 May 2015, <http://www.japantimes.co.jp/opinion/2015/05/29/commentary/japan-commentary/changes-oda-charter-reflect-new-realities/>

Mina Pollmann, What the TPP Means for Japan, *The Diplomat*, 08 October 2015, <http://thediplomat.com/2015/10/what-the-tpp-means-for-japan/>

III. Environmental Policies

Environment

Environmental
Policy
Score: 6

Japan was a global leader in terms of antipollution policy and energy conservation in the 1970s and 1980s, partially due to technological progress and the forceful implementation of relevant policy programs, and partially due to the overseas relocation of polluting industries. More recently, Japan has been faced with the major concern of how to improve its domestic energy mix.

The triple 3/11 disaster led to some policy rethinking with respect to nuclear energy, particularly under the DPJ-led cabinets (until 2012). In the (fourth) Strategic Energy Plan of April 2014, the LDP-led government has, however,

reiterated that nuclear power will remain an important power source for a considerable time. According to the Long-term Energy Supply and Demand Outlook published in July 2015, nuclear power will continue to account for 20% – 22% of Japan’s electricity in 2030, with renewables holding only a slightly larger share (22% – 24%). In August 2015, the first nuclear reactor was restarted after the Fukushima incident, with new safety rules created under the new Nuclear Regulation Authority in place. However, this policy remains fairly unpopular, and at the time of writing it remained uncertain whether additional reactors would or could be swiftly started.

Japan has made great progress in terms of waste-water management in recent decades, following a series of disastrous incidents in the 1960s and 1970s. Today the country has one of the world’s highest-quality tap-water systems, for example. Usage of water for energy production is limited for geographical reasons.

The country has a proactive forestry policy, and in 2011 passed both the Fundamental Plan of Forest and Forestry and a National Forest Plan. The devastation caused by 3/11 in northeastern Japan has led to further emphasis on forest-support measures.

Japan’s biodiversity is not particularly rich compared with other advanced countries. However, the country has in recent years taken a proactive stance under its National Biodiversity Strategy, and has also supported other countries in achieving the Aichi Biodiversity Targets.

Global Environmental Protection

Global
Environmental
Policy
Score: 6

For many years, international climate policy profited considerably from Japanese commitment to the process. The Kyoto Protocol of 1997 was perhaps the most visible evidence of this fact. After Kyoto, however, Japan assumed a much more passive role. The Fukushima disaster in 2011, after which Japan had to find substitutes for its greenhouse-gas-free nuclear-power generation, rendered implausible a 2009 pledge to decrease greenhouse-gas (GHG) emissions by a quarter by 2020 (as compared to 1990). After fiscal year 2013, during which Japan’s greenhouse-gas emissions were the worst on record, pressure on Japan to formulate new commitments increased. In the energy outlook for 2030 published July 2015, Japan announced that it would slash its emissions by 26% in 2030 as compared to 2013 levels. A portion of this decline is to be achieved through a voluntary goal set by the Japan Federation of Electric Power Companies to reduce CO2 emissions per kilowatt by 35% during this period.

Despite lingering political friction in Northeast Asia, Japan reached an agreement with China and South Korea in spring 2015 to tackle regional environmental issues jointly, based on a five-year action plan.

With respect to multilaterally organized protection of nature, Japan is particularly known for its resistance to giving up whaling. This is a high-profile, emotional issue, though perhaps not the most important one worldwide. Notably, Japan supports many international schemes to protect the environment by contributing funds and by making advanced technologies available.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

Japan has a fair and open election system with transparent conditions for the registration of candidates. The registration process is efficiently administered. Candidates have to pay a deposit of JPY 3 million (about €2,700 as of October 2015), which is returned if the candidate receives at least one-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 for the lower house and 30 for the upper house. There have been no changes in recent years.

Media Access
Score: 8

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, the law has been strongly criticized for being overly restrictive, for instance by preventing broader use of the Internet and other advanced electronic-data services. In April 2013, a revision of the Public Offices Election Law was enacted, based on bipartisan support from the governing and opposition parties; the new version allows the use of online networking sites such as Twitter in electoral campaigning, as well as more liberal use of banner advertisements. Regulations are in place to prevent abuses such as the use of a false identity to engage in political speech online.

Citation:

Nikkei.com: Diet OKs Bill To Allow Online Election Campaign, 19 April 2013

Matthew J. Wilson: E-Elections: Time for Japan to Embrace Online Campaigning, *Stanford Technology Law Review*, Vol. 4, 2011

Voting and
Registrations
Rights
Score: 8

The Japanese constitution grants universal adult suffrage to all Japanese citizens. No fundamental problems with discrimination or the exercise of this right exist. Since 2006, Japanese citizens living abroad have also been able to participate in elections.

The National Referendum Law was revised in 2014 to lower the minimum age for voting on constitutional amendments from 20 to 18, taking effect in 2018. In June 2015, the general voting age was also lowered from 20 to 19, which will be relevant for the 2016 upper-house election. Many observers interpret

this as a tactical move by the ruling LDP, as its approval rate among younger Japanese is higher than within the society overall.

One long-standing and controversial issue concerns the relative size of electoral districts. Rural districts still contain far fewer voters than more heavily populated urban areas. In late 2015, the Supreme Court ruled that the 2014 general election – with a maximum disparity of 2.13 to 1 in the value of votes – took place in a “state of unconstitutionality,” one step short of outright unconstitutionality. The court thus did not invalidate the election, despite its criticism.

Vote disparities are even more pronounced in the case of the upper house, where they reached a high of 4.77 to 1 at the time of the 2013 elections. In November 2013, the Supreme Court declared this “outrageous” disparity unconstitutional, but also refrained from nullifying the 2013 elections. In July 2015, parliament passed a revision of the electoral map supported primarily by the LDP that lowered the maximum disparity to 2.97:1. Many observers even within the ruling coalition considered the changes to be too feeble, charging that the changes served the narrow interests of the LDP.

Citation:

Mizuho Aoki, House of Representatives passes bill to lower voting age, 4 June 2015, <http://www.japantimes.co.jp/news/2015/06/04/national/politics-diplomacy/house-representatives-passes-bill-lower-voting-age/#.VjoaJiuNzfc>

Fukuko Takahashi, Diet passes seat-redistribution for Upper House elections, Asahi Shimbun Asia & Japan Watch, 29 July 2015, http://ajw.asahi.com/article/behind_news/politics/AJ201507290044

Tomohiro Osaki, Supreme Court says December election ‘in state of unconstitutionality,’ but won’t nullify results, 25 November 2015, <http://www.japantimes.co.jp/news/2015/11/25/national/crime-legal/supreme-court-says-december-election-state-unconstitutionality-wont-nullify-results/>

Party Financing
Score: 7

While infringements of the law governing political-party financing have been common in Japan, the magnitude of this type of scandal has somewhat declined in recent years, although a number of cases have come up again since the LDP regained power in 2012. To some extent, the problems underlying political funding in Japan are structural. The multi-member constituency system that existed until 1993 meant that candidates from parties filing more than one candidate per electoral district found it difficult to distinguish themselves on the basis of party profiles and programs alone. They thus tried to elicit support by building individual and organizational links with local voters and constituent groups, which was often a costly undertaking. Over time, these candidate-centered vote-mobilizing machines (koenkai) became a deeply entrenched fixture of party politics in Japan. Even under the present electoral system, many politicians still find such machines useful. The personal networking involved in building local support offers considerable

opportunity for illicit financial and other transactions. While the Political Funds Control Law requires parties and individual politicians to disclose revenues and expenditures, financial statements are not very detailed.

A number of new issues arose during the period under review. In February 2015, Agriculture Minister Koya Nishikawa resigned over a donation to an LDP party chapter in his prefecture. It remained unclear whether the transaction was illegal or not. After a cabinet reshuffle in autumn 2015, no fewer than three ministers faced allegations of financial irregularities. Dubious donations had been received by a party chapter controlled by new Agriculture Minister Hiroshi Moriyama, a similar issue had occurred with respect to Education Minister Hiroshi Hase, and Okinawa Minister Aiko Shimajiri was accused of having violated the election law by providing voters with giveaways with her name on them.

Citation:

Jiji/Kyodo News, New Cabinet embroiled in scandals, *The Japan Times* on Sunday, 25 October 2015, p. 9

Popular Decision-
Making
Score: 2

Politically binding popular decision-making does not exist in Japan, at least in a strict sense. At the local and prefectural levels, referenda are regulated by the Local Autonomy Law, and can be called by the demands of 2% of the voting population. However, the local or prefectural assembly can refuse such a request for a referendum, and if the referendum does take place, the local or prefectural government is not bound by it.

At the national level, a so-called National Referendum Law took effect in 2010. This was initiated by the LDP-led government with the aim of establishing a process for amending the constitution. According to the new law, any constitutional change has to be initiated by a significant number of parliamentarians (100 lower-house members or 50 upper-house members) and has to be approved by a two-thirds vote in both chambers. Only then are voters given the opportunity to vote on the proposal.

The minimum legal age for voting in referenda will be lowered from 20 to 18 years, with the change taking effect in 2018.

Despite this legal environment, nonbinding referenda have played an increasingly important role in Japan's political life in recent years, particularly with respect to the debate over nuclear energy.

Citation:

Gabriele Vogt, *Alle Macht dem Volk? Das direktdemokratische Instrument als Chance für das politische System Japans*, in: *Japanstudien* 13, Munich: Iudicium 2001, pp. 319-342

Media Freedom
Score: 5

Access to Information

Japanese media are largely free to report the news without significant official interference. While the courts have ruled on a few cases dealing with perceived censorship, there is no formal government mechanism infringing on the independence of the media. The NHK, as the major public broadcasting service, has long enjoyed substantial freedom. Since 2013, however, the Abe-led government has pursued a more heavy-handed approach, highlighted by a number of controversial appointments of right-wingers to senior management and supervisory positions.

In practice, many media actors are hesitant to take a strong stance against the government or to expose political scandals. Membership in government-associated journalist clubs has offered exclusive contacts. Fearful of losing this advantage, established media members have frequently avoided adversarial positions as a result.

Northeastern Japan's triple catastrophe of 11 March 2011 cast a spotlight on such informal linkages. Major newspapers and broadcasters asked few critical questions and agreed to follow the government's extremely reserved information policy. Independent journalists and media as well as the foreign press provided some balance, but had limited ability to expand the scope of their coverage. As a result, Japan dropped a dramatic 22 places to 53rd place in Reporters Without Borders' 2013 World Press Freedom Index, and fell further to 61st place in 2015.

Criticism of the Abe government's treatment of independent media became even more outspoken in 2015. Conflicts with the Asahi Newspaper and TV group persisted, and a Frankfurter Allgemeine Zeitung journalist complained about feeling bullied, to name just two examples. In June 2015, news leaked that a group of young LDP politicians had discussed ways to harm hostile media.

There has also been concern regarding the State Secrets Act, which came into force in December 2014. Journalists and others instigating the leakage of relevant information now face jail sentences of up to five years. Exactly what constitutes "state secrets" is left very much up to the discretion of the government agencies in question. Critics see the law as an assault on press freedom.

Citation:

Reporters Without Borders, Press Freedom Index 2015, <https://index.rsf.org/#!/index-details>
Martin Fackler, Effort by Japan to Stifle News Media Is Working, The New York Times, 26 April 2015, http://www.nytimes.com/2015/04/27/world/asia/in-japan-bid-to-stifle-media-is-working.html?_r=0

Matthew Carney, ABC News, 20 May 2014, Neutrality of Japan's public broadcaster NHK questioned after conservative board appointments by Abe government, <http://www.abc.net.au/news/2014-05-20/japan's-government-accused-of-influencing-public-broadcaster/5466104>

Robin Harding, Shinzo Abe accused of "emasculating Japanese media," Financial Times, 29 June 2015, <http://www.ft.com/intl/cms/s/0/79420f36-1e13-11e5-aa5a-398b2169cf79.html#axzz3qWPpbaMR>

Media Pluralism
Score: 6

Japan has an oligopolistic media structure, with five conglomerates controlling the leading national newspapers and the major TV networks. These include Asahi, Fuji Sankei, Mainichi, Yomiuri, and the Nihon Keizai Group. Another major force is NHK, the quasi-national broadcasting service, which has enjoyed close connections with LDP-led governments despite formal freedom from interference. It has rarely criticized the status quo to any significant degree. The director-general installed by the LDP-led government in 2013 stated in his first press conference that he intends to follow the government's viewpoint. The main media groups also tend to avoid anything beyond a mildly critical coverage of issues, although a variety of stances from left-center (Asahi) to conservative-nationalistic (Sankei) can be observed. Asahi's reputation was damaged in 2014 by a scandal concerning sourcing errors in earlier reporting on wartime forced prostitution (the so-called comfort-women issue). The scandal played into the hands of archconservative elements inside the government, which have become more mainstream since Prime Minister Abe entered office in late 2012.

Generally speaking, the small group of conglomerates and major media organizations does not support a pluralistic landscape of opinions. Regional newspapers and TV stations do not play a serious competitive role. New competition emerges from interactive digital-media sources such as blogs, bulletin boards, e-magazines and social networks. Their use is spreading rapidly. In the longer run, the loss of public trust in the government and major media organizations may have intensified the move toward greater use of independent media channels, and thus toward more effective pluralism.

The use of and reader share held by international media organizations is also interesting; for instance, Huffington Post Japan, published on the Internet and 49% owned by the Asahi Shimbun, has become increasingly popular.

Citation:

Richard Smart, How Huffington Post is changing Japan's media landscape, Japan Today online newspaper, 14 May 2015, <http://www.japantoday.com/category/opinions/view/how-huffington-post-is-changing-japans-media-landscape>

Access to
Government
Information
Score: 5

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. 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. Appeals are possible, but only in court, which involves a very burdensome process.

In late 2013, the Diet passed a controversial State Secrets Law (taking effect in 2014), under which ministries and major agencies have the power to designate government information as secret for up to 60 years. There are no independent oversight bodies controlling such designations. Whistleblowing can be punished by up to ten years in prison, and up to five years for those trying to obtain secrets. Critics argue that governments may be tempted to misuse the new law. Moreover, the rights and powers of two Diet committees tasked with overseeing the law's implementation have been criticized as being too weak.

Japan has no electronic freedom-of-information act, but in 2013, the government created a so-called Open Data Idea Box, through which citizens can propose and discuss ideas for the online release of government information. It remains to be seen how seriously the government takes such endeavors, however.

Citation:

Japan Times, Secrets for the making, Editorial, 19.10.2014, <http://www.japantimes.co.jp/opinion/2014/10/19/editorials/secrets-making/#.VFPwsMk-etE>

Civil Rights and Political Liberties

Civil Rights
Score: 6

Civil and human rights are guaranteed under the Japanese constitution. However, courts are often considered to be overly tolerant of alleged maltreatment by police, prosecutors or prison officials. LDP governments have made little effort to implement institutional reform on this issue. Critics have demanded – so far unsuccessfully – that independent agencies able to investigate claims of human rights abuse should be created. There is no national or Diet-level ombudsperson or committee tasked with reviewing complaints. Citizens have no legal ability to take their complaints to a supranational level, while many other countries have already signed the so-called Optional Protocols to the International Covenant on Civil and Political Rights (UN no year).

Japan has been widely criticized for its harsh prison conditions, and for being one of the few advanced countries still to apply the death penalty. After a de-facto moratorium in 2011, later governments, including the current LDP-Komeito coalition, resumed the practice.

Amnesty International recently reiterated its position that Japan's justice system is not in line with international standards.

Citation:
 United Nations Human Rights, Japan Webpage,
<http://www.ohchr.org/EN/countries/AsiaRegion/Pages/JPIndex.aspx>
 Amnesty International, Japan: Justice denied, 6 October 2015,
https://www.amnesty.or.jp/en/news/2015/1006_5613.html

Political Liberties
 Score: 9

Freedoms of speech and of the press, as well as the freedoms of assembly and association, are guaranteed under Article 21 of the constitution. Reported abuses have been 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.

There is a growing concern that right-wing activism is increasing and that this might actually be supported by ruling politicians. Several senior LDP politicians have been linked to ultra-right-wing groups, for instance, through photos showing them with the leaders of such groups. Some observers have charged that a right-wing campaign involving so-called hate crimes is ongoing.

At the same time, public opposition to the LDP-led government's assertive foreign-security policy has led to the foundation of outspoken protest groups, particularly the Student Emergency Action for Liberal Democracy (SEALDs). This group organized several high-profile mass rallies in 2015, and has announced that it will keep up its activities at least until the 2016 upper-house elections. While the success of such movements is as yet limited, they offer testimony to the high de facto level of political liberties.

Citation:
 Justin McCurry, Japan's ruling party under fire over links to far-right extremists, The Guardian, 13 October 2014, <http://www.theguardian.com/world/2014/oct/13/japan-ruling-party-far-right-extremists-liberal-democratic>

Linda Sieg and Teppei Kasai, SEALDs student group reinvigorates Japan's anti-war protest movement, The Japan Times, 29 August 2015, <http://www.japantimes.co.jp/news/2015/08/29/national/politics-diplomacy/sealds-student-group-reinvigorates-japans-anti-war-protest-movement/>

Non-discrimination
 Score: 5

Women still face some discrimination, particularly in the labor market. Women on average earn 27 percent less than their male colleagues - in no other OECD country except Korea is the wage differential higher. The country's share of female parliamentarians - 9.5% in 2015 - is still low by the standards of other advanced countries (only Turkey scores lower among OECD countries). Prime Minister Abe has called women "Japan's most

underused resource,” and the government has designated “womenomics” as a key pillar of its “third arrow” reform program. This emphasis was reiterated in the “new three arrows” announced in mid-2015, and the government wants the topic to be a major agenda point of the G-7 meeting that Japan will host in 2016. A 2015 law asks large companies to set numerical targets for the employment and promotion of women. However, the measure’s sanctioning mechanisms are weak, and no minimum targets are prescribed. Given the persistent undercurrent of sexism in Japanese society, it is an open question as to whether de facto workplace-culture discrimination can be overcome.

The three million descendants of the so-called burakumin, an outcast group during the feudal period, still face 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. Naturalization rules have been eased somewhat in recent years. Menial workers with foreign passports from the Philippines, the Middle East and elsewhere frequently complain of mistreatment and abuses.

Japan continues to have a rather serious human-trafficking problem with respect to menial labor and the sex trade, in some cases affecting underage individuals.

The treatment of refugees and asylum seekers is frequently the subject of criticism. Rejections of applications have become more frequent recently, despite rising global problems.

Citation:

UN data, Seats held by women in national parliament, percentage, <http://data.un.org/Data.aspx?q=japan&d=MDG&f=seriesRowID%3A557%3BcountryID%3A392>

Emma Chanlett-Avery and Rebecca M. Nelson, “Womenomics” in Japan: In Brief, Congressional Research Service, Washington D. C., 01.08.2014

Masami Ito, Can women really “shine” under Abe?, Japan Times, 23.11.2014, pp. 13-15

Mizuho Aoki, Diet passes bill aimed at boosting women in the workplace, The Japan Times, 28 August 2015, <http://www.japantimes.co.jp/news/2015/08/28/national/politics-diplomacy/diet-passes-bill-aimed-boosting-women-workplace/>

Rule of Law

Legal Certainty
Score: 6

In their daily lives, citizens enjoy considerable predictability with respect to the workings of the law and regulations. Bureaucratic formalities can sometimes be burdensome, but also offer relative certainty. Nevertheless, regulations are often formulated in a way that gives considerable latitude to bureaucrats. For instance, needy citizens have often found it difficult to obtain

welfare aid from local-government authorities. Such discretionary scope is deeply entrenched in the Japanese administrative system, and offers both advantages and disadvantages associated with pragmatism. The judiciary has usually upheld the discretionary decisions of the executive. However, the events of 3/11 exposed the judicial system's inability to protect the public from irresponsible regulation related to nuclear-power generation. Some observers fear that similar problems may emerge in other areas as well.

The idea of rule of law does not itself play a major role in Japan. Following strict principles without regard to changing circumstances and conditions would rather be seen as naïve and nonsensical. Rather, a balancing of societal interests is seen as demanding a pragmatic interpretation of law and regulation. Laws, in this generally held view, are supposed to serve the common good, and are not meant as immovable norms to which one blindly adheres.

Citation:

Carl F. Goodman: *The Rule of Law in Japan: A Comparative Analysis*, The Hague: Kluwer Law International, 2003

Judicial Review
Score: 6

Courts are formally independent of governmental, administrative or legislative interference in their day-to-day business. The organization of the judicial system and the appointment of judges are responsibilities of the Supreme Court, so the appointment and the behavior of Supreme Court justices are of ultimate importance. While some have lamented a lack of transparency in Supreme Court actions, the court has an incentive to avoid conflicts with the government, as these might endanger its independence in the long term. This implies that it tends to lean somewhat toward government positions so as to avoid unwanted political attention. Perhaps supporting this reasoning, the Supreme Court engages only in concrete judicial review of specific cases, and does not perform a general review of laws or regulations. Some scholars say that a general judicial-review process could be justified by the constitution.

The lenient way in which courts have treated the risks associated with nuclear power, widely discussed after the 3/11 events, also fits this appraisal. However, several courts have recently taken a somewhat stiffer line against the state. In 2015, the Supreme Court ruled that atomic-bomb victims (so-called hibakusha) cannot be excluded from medical subsidies under the Atomic Bomb Survivors' Assistance Act simply because the victims now live abroad, a ruling that mainly concerns former Korean workers.

In 2009, a lay-judge system was introduced for serious criminal offenses, with the aim of better reflecting the views of the population. After similar decisions in 2014, the Supreme Court in 2015 again overturned lower-court rulings involving lay judges. In a murder case, the Supreme Court considered the

imposition of the death penalty as being too harsh and unfounded. This has further increased uncertainty about the lay-judge system and its rulings, although repercussions on daily life seem limited.

Citation:

Tomohiro Osaki, Supreme Court rules hibakusha overseas are entitled to full medical expenses, *The Japan Times*, 8 September 2015, <http://www.japantimes.co.jp/news/2015/09/08/national/crime-legal/supreme-court-rules-hibakusha-overseas-entitled-full-medical-expenses/>

Kyodo News, Supreme Court nullifies two death sentences handed down by lay judges, *The Japan Times*, 5 February 2015, <http://www.japantimes.co.jp/news/2015/02/05/national/crime-legal/supreme-court-nullifies-two-death-sentences-handed-lay-judge-trials/>

Appointment of
Justices
Score: 2

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. However, the actual process lacks transparency. Supreme Court justices are subject to a public vote in lower-house elections following their appointment, and to a second review after the passage of 10 years, if they have not retired in the meantime. These votes are of questionable value, as voters have little information enabling them to decide whether or not to approve a given justice's performance. In response to the call for more transparency, the Supreme Court has put more information on justices and their track record of decisions on its website.

Corruption
Prevention
Score: 5

Corruption and bribery scandals have for decades frequently emerged in Japanese politics. These problems are deeply entrenched and are related to prevailing practices of representation and voter mobilization. Japanese politicians rely on local support networks to raise campaign funds and are expected to "deliver" to their constituencies and supporters in return. Scandals have involved politicians from most parties except for the few parties with genuine membership-based organizations (i.e., the Japanese Communist Party and the Komeito).

Financial or office-abuse scandals involving bureaucrats have, however, been quite rare in recent years. This may be a consequence of stricter accountability rules devised after a string of ethics-related scandals came to light in the late 1990s and early 2000s. Prime Minister Abe has indicated that he will make corruption prevention a topic at the 2016 G-7 meeting hosted by Japan.

Following the 3/11 disasters, the public debate on regulatory failures with respect to the planning and execution of nuclear power projects supported a widely held view that, at least at the regional level, collusive networks between authorities and companies still prevail and can involve corruption and bribery.

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 6

After the failed attempts of the 2009-2012 DPJ-led coalitions to reform strategic planning in institutional terms, the current LDP-led government has sought to strengthen strategic capacities at the center. It has revived the Council on Economic and Fiscal Policy, which was used by former Prime Minister Koizumi (2001 – 2006) as a key reform instrument. Moreover, a Headquarters for Japan's Economic Revitalization was established within the Kantei. It further created an Industrial Competitiveness Council, reporting to the prime minister as well as a Regulatory Reform Council. Several reformers of the Koizumi era have reappeared, including former Reform Minister Heizo Takenaka at the Industrial Competitiveness Council. The Abe-led government tries to use the councils to develop new policy proposals, create a consensus among reform-minded circles (including beyond government) and take them into the public sphere. Given the slow progress of “third arrow” reforms, the outcome thus far does not seem particularly compelling. Nonetheless, the councils have at least contributed in a constructive way to public discourse. For instance, it can already be considered a success that the Regulatory Reform Council in mid-2014 dared to publish recommendations for reforming the Japan Agricultural (JA) Cooperatives, the stronghold of farmers' traditional interests. The JA system was indeed reformed in early 2015. In mid-2015, the council presented another 180 proposals for regulatory reform.

Citation:

Cabinet Office, Abstract of “The Third Report by the Council for Regulatory Reform - Toward a Japan Full of Diversity and Vitality,” 16 June 2015, Download available from <http://www8.cao.go.jp/kisei-kaikaku/english/index-en.html>

Scholarly Advice
Score: 6

The Japanese government is assisted by a large number of advisory councils, typically associated with particular ministries and agencies. These are usually composed of private-sector representatives, academics, journalists, former civil

servants and trade unionists. The question is whether advisory boards do truly impact policymaking or whether the executive simply uses them to legitimize preconceived policy plans. The answer may well vary from case to case. The recent hand-picked, high-level “Advisory Panel on Reconstruction of the Legal Basis for Security,” whose final report in May 2014 helped to legitimize a reinterpretation of the constitution allowing for collective self-defense, serves as an example for the latter. In other areas the current LDP-led government has to some degree relied on outside expertise in order to overcome opposition to policy changes and reform. However, think tanks, most of which operate on a for-profit basis in Japan, do not play a major role in terms of informing or influencing national policymaking.

Citation:

Pascal Abb and Patrick Koellner, Foreign Policy Think Tanks in China and Japan: Characteristics, Current Profile, and the Case of Collective Self-Defense, *International Journal* 70 (2015), 4: 593-612

Interministerial Coordination

GO Expertise
Score: 7

Under the central-government reform implemented by the Koizumi government in 2001, the role of lead institutions was considerably strengthened, particularly through a beefing-up of the Kantei, which assists the prime minister, and through the introduction of cabinet-related councils, including the Council on Economic and Fiscal Policy. Later LDP- and DPJ-led governments have struggled with calibrating the relationship between central authority, the ministries and their bureaucracies, and the coalition parties (which follow their own political logics).

The Kantei has grown to more than 800 employees with expertise in all major policy fields. These employees are usually temporarily seconded by their ministries. While these staffers possess considerable expertise in their respective fields, it is doubtful whether they can function in an unbiased manner on issues where the institutional interests of their home organizations are concerned. Moreover, the system lacks adequate infrastructure for broader coordination (including public relations or contemporary methods of policy evaluation). In 2015, additional measures were put in place aimed at focusing and coordinating the workloads of the Kantei and Cabinet Office.

It is frequently said in Japan that the Kantei’s clout is determined largely by its head, the chief cabinet secretary, who at the time of writing was Yoshihide Suga. This figure’s main duties include holding two daily press conferences and coordinating policy. The position has a special annual fund of JPY 1.4 billion (about €10.6 million in October 2015) at its disposal, with no need to disclose expenditure details.

Citation:

Izuru Makihara, The Role of the Kantei in Making Policy, nippon.com, 27.06.2013, <http://www.nippon.com/en/features/c00408/>

Kensuke Takayasu, The Pressures of Change: The Office of Prime Minister in the United Kingdom and Japan, nippon.com, 22.05.2014, <http://www.nippon.com/en/features/c00410/>

Reiji Yoshida, Chief Cabinet secretary is much more than top government spokesman, The Japan Times, 18 May 2015, <http://www.japantimes.co.jp/news/2015/05/18/reference/chief-cabinet-secretary-much-top-government-spokesman/>

GO Gatekeeping
Score: 7

Present guidelines for policy coordination make the Kantei the highest and final organ for policy coordination below the cabinet itself. This has de jure enabled prime ministers to return items envisaged for cabinet meetings on policy grounds. In reality this rarely happens, as items to reach the Cabinet stage are typically those on which consensus has previously been established. However, contentious policy issues can produce inter-coalition conflicts, even at the Cabinet level.

Formal input into law-making processes is provided by the Cabinet Legislation Bureau. This body's official mandate is to make sure that bills conform to existing legislation and the constitution, rather than to provide material evaluation. It is further weakened as an independent mechanism of cabinet or prime minister-level supervision, as ministry representatives are seconded to the Bureau to provide sectoral competences, creating influences difficult to counter in the absence of independent expertise at the central level. In 2015, it was revealed that with respect to the controversial July 2014 cabinet decision to reverse the prevailing interpretation of Article 9 of the constitution ("Peace clause"), the Bureau communicated its approval only over the telephone, and no open records on the evaluation were filed. This can be regarded as a serious irregularity, with the process offering a rare glimpse at the true options presented to the Japan's government office.

Citation:

Editorial (no author named), Legislation Bureau misconduct, 8 October 2015, <http://www.japantimes.co.jp/opinion/2015/10/06/editorials/legislation-bureau-misconduct/>

Richard Samuels, Politics, Security Policy, and Japan's Cabinet Legislation Bureau: Who Elected These Guys, Anyway?, JPRI Working Paper No. 99 (March 2004), <http://www.jpri.org/publications/workingpapers/wp99.html>

Line Ministries
Score: 7

In Japan, the role of line ministries vis-à-vis the government office is complicated by the influence of a third set of actors: entities within the governing parties. During the decades of the LDP's postwar rule, the party's own policymaking organ, the Policy (Affairs) Research Council (PARC) developed considerable influence, ultimately gaining the power to vet and approve policy proposals in all areas of government policy. While the GO/PMO level was also

involved, for instance through a technical-legalistic supervision of proposed laws in the Cabinet Legislation Bureau, in a material sense the exchange between the ministries and PARC's associated mirror divisions were more important.

Under the LDP-led government since December 2012, Prime Minister Abe has tried to make certain that he and his close confidants determine the direction of major policy proposals. The reform program does indeed show the influence of the GO/PMO level, with the ministries either following this course or trying to drag their feet.

Cabinet
Committees
Score: 6

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 is the Council for Economic and Fiscal Policy (CEFP), headed by the prime minister. However, in two respects, this was never a "ministerial committee" in a strict sense. First, it has only an advisory function. Second, individuals from the private sector – two academics and two business representatives in the current configuration – were included. This can increase the impact of such a council, but it also means that it stands somewhat aloof from concrete political processes.

Current Prime Minister Abe again strengthened the role of the CEFP and set up the Headquarters for Japan's Economic Revitalization as a "quasi sub-committee" of the CEFP that encompasses all state ministers. While the cabinet has to approve considerations developed in the CEFP or in the Headquarters, there is indeed a shift toward first discussing policy redirections in the committees, including a discussion of basic budget guidelines.

In the sphere of science and technology policy, the role of the Council for Science, Technology and Innovation has been strengthened even further, giving it budgetary primacy over related ministries, but it remains to be seen whether this move will change the substance of policymaking.

The creation of the National Security Council in 2013 was a similar case in which interministerial coordination was intensified in the interest of asserting the prime minister's policy priorities.

Ministerial
Bureaucracy
Score: 7

During the DPJ-led governments (2009-2012) a number of high-profile measures were introduced to lessen the influence of civil servants in policymaking. Following serious policy blunders, the DPJ later tried to establish a more constructive working relationship with the bureaucracy.

After the 2012 election, the new LDP-led government sent clear signals that it would like to work effectively with the bureaucracy. The collaboration between politicians and bureaucrats has since become smoother. In 2014, the government

decided to launch a Cabinet Bureau of Personnel Affairs, which is designed to help the prime minister make appointment decisions regarding the 600 elite bureaucrats staffing the ministries and other major agencies. This significantly expanded Kantei involvement in the process. It remains to be seen whether this will create tensions with the ministries, which have traditionally chosen their own upper echelons. During the first ensuing round of reshuffles, more weight was given to promoting women as well as to interministerial exchange.

Informal
Coordination
Score: 9

Informal relations and related agreements are very common in Japan. Such interactions can facilitate coordination, but can also lead to collusion. In terms of institutionalized informal coordination mechanisms in the realm of policymaking, informal meetings and debates between the ministries and the ruling party's policy-research departments have traditionally been very important.

With the LDP-led coalition government in power again since late 2012, informal, closed-door agreements on policy are again of considerable importance. The leadership has to skillfully navigate between the coalition partners, including the Komeito party and LDP (and its Policy Research Council), line ministries and their bureaucrats, and a more inquisitive public. The position of the Chief Cabinet Secretary, in charge of the Kantei and with a strong role in personnel appointments, has become a key component of this approach. When the records of cabinet meetings and following informal discussions became publicly available in 2014, it was made clear that such meetings are essentially formalities, with sensitive issues informally discussed and decided beforehand. This was true even for such a controversial issue as the approval of Prime Minister Abe's planned speech commemorating the 70th anniversary of World War II in mid-2015, which was approved without discussion. The general trend toward more transparency may have even strengthened the role of informality in order to avoid awkward situations.

Citation:

Jiji News, Cabinet minutes show formality, no substance, The Japan Times, 5 October 2015, <http://www.japantimes.co.jp/news/2015/10/05/national/politics-diplomacy/cabinet-minutes-show-formality-no-substance/>

Evidence-based Instruments

RIA Application
Score: 8

The basic framework for policy evaluation in Japan is the Government Policy Evaluations Act of 2001. In 2005, the system was considered to have been implemented fully.

The process is administered by the Ministry of Internal Affairs and Communications (Administrative Evaluation Bureau), while the ministries are charged with doing their own analyses, which has led some to question the

impartiality of the procedure. However, a number of evaluations in strategically important fields have been undertaken by the Ministry of the Interior itself. In 2010, the ministry took over responsibility for policy evaluations of special measures concerning taxation as well as impact analyses of regulations dealing with competition issues.

The Ministry of Finance also performs a Budget Execution Review of selected issues, and the Board of Audit engages in financial audits of government accounts.

The fragmented nature of such assessments seems to indicate a potentially low level of reliability and effectiveness. Indeed, it is difficult to point to a major policy arena in which these endeavors have led to major improvements.

Miki Matsuura, Joanna Watkins, William Dorotinsky: Overview of Public Sector Performance Assessment Processes in Japan, GET Note: Japanese Public Sector Assessment Processes, August 2010, World Bank

Quality of RIA
Process
Score: 8

According to the Basic Guidelines for Implementing Policy Evaluation, revised in March 2007, the necessity, efficiency and effectiveness of measures are to be the central considerations in evaluations. However, issues of equity and priority are also to be included. 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. Since 2010, for example, any ministry considering a tax measure has been required to present an ex ante evaluation. If the measure is in fact introduced, it must subsequently be followed by an ex post examination.

Critics have argued that many officials regard RIA as a bothersome disturbance, and lack strong incentives to take it seriously.

Citation:

Andrei Greenawalt, The Regulatory Process in Japan in Comparison with the United States, RIEI Column 318, 2015, http://www.rieti.go.jp/en/columns/a01_0431.html

Sustainability
Check
Score: 3

According to the 2001 Government Policy Evaluation Act, policy effects have to be evaluated in terms of the three criteria of necessity, efficiency, and effectiveness. These terms are somewhat flexible and do not necessarily encompass sustainability concerns. Indeed, actual evaluations apply the three guiding principles only in a somewhat loose way. Reviews cover both pre-project as well as post-project evaluations.

Citation:

MIC (Ministry of Internal Affairs and Communication, Japan), Website on evaluation results, http://www.soumu.go.jp/menu_seisakuhyouka/kekka.html (accessed in October 2015)

Societal Consultation

Negotiating
Public Support
Score: 6

LDP-led governments have traditionally engaged in societal consultation through the so-called iron triangle, which refers to the dense links between parliamentarians, the ministerial bureaucracy, and large companies. However, these mechanisms tended to exclude other societal actors, including the trade union movement and the small and medium-sized enterprise sector. With the onset of economic problems in the 1990s, tensions within this triangle increased, and relations over time became strained enough to indicate the effective demise of the iron triangle system, at least on the national level.

With respect to the current LDP-Komeito coalition, the Buddhist lay association Soka Gakkai provides the bulk of support for Komeito, and it gained some influence on policy matters that relate to the organization's interests. This became evident during an ongoing row over constitutional reform. The LDP is in favor of this reform, while Soka Gakkai and Komeito have a pacifist background and try to slow down any major initiative.

It is frequently argued that business has considerable influence on government decision making in Japan, recently for example with respect to Japan's engagement in the negotiations for a trans-Pacific free-trade zone. Substantiating such claims is difficult, as there is a lack of transparent rules governing lobbying. Prime Minister Abe's expectation that companies would raise wages in the wake of higher profits following the first-round effects of Abenomics has thus far been disappointed. There seems to be little scope for business-state alignment, as major firms have become global players that are decreasingly interested in or bound to the home market.

Citation:

Laura Araki: Joining the FTA Frenzy. How Japanese Industry Drives Preferential Trade Diplomacy, Jackson School Focus, Spring 2012, pp. 32-45, http://depts.washington.edu/jsjweb/wp-content/uploads/2012/04/JSJWEBv3_n1.Araki_L.pdf

William Pesek, Why Isn't Japan Inc. Helping Japan?, Bloomberg View, 13 January 2015, <http://www.bloombergvew.com/articles/2015-01-13-japan-inc-isnt-very-japanese-any-longer>

Policy Communication

Coherent
Communication
Score: 6

Policy communication has always been a priority for Japanese governments. Ministries and other governmental agencies have long taken pains to publish regular reports, often called white papers, as well as other materials on their work.

Recent discussion of Japanese government communication has been dominated by the triple disaster of March 2011, in particular by the lack of transparency and failure to deliver timely public information about the radiation risks of the nuclear accident. This experience may have seriously undermined citizen trust in the government, although according to the Edelman Trust Barometer, trust levels in Japan have recently recovered somewhat.

The LDP-led coalition started into 2013 with a massive and – during its first months – highly successful public-relations campaign in support of its policy agenda, particularly its “three arrows” reform agenda. This included the carefully planned timing of announcements, trips and interviews; resulting in high approval ratings. Already in 2013, however, the government started to lose touch with public opinion, particularly with respect to the heavily criticized State Secrets Act. Despite some unpopular policies, voters nevertheless returned the ruling coalition to power in the 2014 general election. As a consequence of the highly controversial introduction of security legislation in 2015, the government lost some public support. The LDP-led coalition has pushed through its policy priorities more assertively than did earlier governments, while giving less consideration to dissenting opinions. For the time being, this approach seems to be working, with public approval for the government having increased again in late 2015.

Citation:

Edelman, 2015 Edelman Trust Barometer - Japan, Slide presentation, no date, <http://de.slideshare.net/EdelmanJapan/2015-edelman-trust-barometer-japan>

Public support for Japan's Abe rebounds after security law, New Straits Times Online, 30 November 2015, www.nst.com.my/news/2015/11/114703/public-support-japans-abe-rebounds-after-security-law

Implementation

Government
Efficiency
Score: 7

The LDP-led government elected in late 2012 achieved remarkable economic policy success during its first months in office through the initiation of an extremely loose monetary policy and expansionary fiscal policy. The “third arrow” of the government’s reform program – growth-oriented measures that were meant to include institutional reform – have proved far less successful, and popular disenchantment grew after 2013. However, the government has achieved several successes, at least from the perspective of its own policy agenda, including the increase in the value-added tax, the passage of a new and improved Corporate Governance Codex, conclusion of the TPP treaty, and the restart of a nuclear reactor. Several important high-profile fields including the labor market, have seen insufficient progress. With respect to agriculture, it remains to be seen whether new support schemes will undermine the liberalization envisioned as a

part of TPP. Some areas of the agricultural sector may also remain excluded from liberalization; for example, the TPP results allow Japan to maintain tariffs for rice, for example.

With respect to the second major objective, constitutional reform, the cabinet announced in July 2014 a reinterpretation of Article 9 of the constitution, which will allow Japan to engage in collective self-defense (i.e., militarily supporting allies under attack). Relevant legislation was pushed through parliament in September 2015.

At the same time, the government was not able to convince Japan's neighbors of the purely defensive character of its security-related agenda. Therefore, the opportunity costs in terms of strained regional relations could be quite considerable.

:

Mitsuru Obe, Japan Parliament Approves Overseas Military Expansion, *The Wall Street Journal*, 18 September 2015, <http://www.wsj.com/articles/japan-parliament-approves-abe-security-bills-1442596867>

Ministerial
Compliance
Score: 7

Japan's political framework formally provides the prime minister with powerful tools to control ministers. Prime ministers can appoint and fire ministers at will. Moreover, prime ministers can effectively veto specific sectoral policies. In practice, however, prime ministerial options have been more limited, as most have lacked full control over their own parties or over the powerful and entrenched bureaucracy.

Recent governments, including the current Abe government, have sought to centralize policymaking within the core executive. Some measures have been institutional, such as giving new weight to the Council for Economic and Fiscal Policy, a cabinet committee with extra members in which the prime minister and his state minister for economic reform have a stronger voice than is the case in the cabinet. Other measures include a stronger role in top-level personnel decisions, aided by the formal introduction of the Cabinet Bureau of Personnel Affairs in mid-2014.

Monitoring
Ministries
Score: 6

Generally speaking, the Kantei, upgraded over a decade ago, offers a means of monitoring ministry activities. In recent years, its personnel has expanded, improving its monitoring capacity. However, effective use of the Kantei has been hindered in the past by the fact that the ministries send specialists from their own staffs to serve as Secretariat employees. It de facto lacks the ability to survey all activities at all times, but the current chief cabinet secretary is considered a decisive power in the enforcement of government-office positions.

Monitoring
Agencies,
Bureaucracies
Score: 7

Japanese ministries are traditionally run by civil servants that work within that ministry for their whole career. Government agencies that belong to a specific ministry's sectoral area are thus also directed by civil servants delegated from that ministry, who may 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 allocations and peer networks.

In 2001, so-called independent administrative agencies were established, following new public management recommendations for improving the execution of well-defined policy goals by making them the responsibility of professionally managed quasi-governmental organizations. Such independent agencies are overseen by evaluation mechanisms similar to those discussed in the section on regulatory impact assessment (RIA), based on modified legislation. In recent years, voices skeptical of this arrangement have gained ground, because the effectiveness of this independent-agency mechanism has been hindered to some extent by the network effects created by close agency-ministry staffing links. In addition, the administrators in charge have typically originated from the civil service, and thus have not always possessed a managerial mindset.

Task Funding
Score: 5

Local governments – prefectures and municipalities – strongly depend on the central government. Local taxes account for less than half of local revenues and the system of vertical fiscal transfers is fairly complicated. Local governments can follow their own policies to only a limited extent, as they are generally required to execute policies passed at the central level, although in recent years this burden has been eased somewhat due to administrative reform measures. More recently, pressure to reduce expenditures has further increased, as local budgets are increasingly under pressure given the aging of the population and social-policy expenses related to growing income disparities and poverty rates.

Japanese authorities are well aware of these issues. Past countermeasures have included a merger of municipalities designed to create economies of scale, and a redefinition of burdensome local-agency functions. In addition, the LDP and others have contemplated a reorganization of Japan's prefectural system into larger regional entities (doshu). Such a reform is highly controversial, however. In 2014, the government announced a new set of special economic zones (tokku), in which national regulations are eased, and which could serve as a field experiment for an improved division of power between the center and the regions. In 2015, a program creating regional vitalization special zones followed. Many observers doubt whether the approach being taken is bold enough.

Citation:

Takuji Okubo, The truth about Japan's tokku special zones, JBpress Website, 02.07.2014, <http://jbpress.ismedia.jp/articles/-/41109>

Cabinet Secretariat, Council on National Strategic Special Zones, Meeting notes of 19 March 2015, http://japan.kantei.go.jp/97_abe/actions/201503/article6.html

Constitutional
Discretion
Score: 4

The Japanese constitution guarantees local-government autonomy. However, articles 92 to 95 of Chapter VIII, which discuss local self-government, are very short and lack specifics. 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 local entities and the central ministry in charge of local autonomy. Moreover, co-financing schemes for public works provide incentives to follow central-government policies.

Over the course of the last decade, there have been a growing number of initiatives aimed at strengthening local autonomy. One major reform proposal envisions the establishment of regional blocks above the prefectural level, and giving these bodies far-reaching autonomy on internal matters (doshu system). Both the LDP and its ally, the Komeito, took up this proposal in their 2012 election platforms, but their ability and willingness to turn this controversial idea into practice remains doubtful.

National
Standards
Score: 8

Japanese government authorities put great emphasis on the existence of reasonable unitary standards for the provision of public services. The move toward decentralization makes it particularly important to raise standards for the local provision of public services. Within the central government, 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, as a result of a 2000 reform that abolished local entities' agency functions in a strict sense (direct administrative supervision has lost some importance compared to legal and judicial supervision) other channels remained important during the period under review. At the local and particularly the prefectural level, there is a rather elaborate training system that is linked in various ways with national-level standards.

A unified digital "My Number" system (the new social security and tax number system) was introduced for citizens in 2015 to help authorities with providing and enforcing uniform services. It has faced some public opposition due to privacy and procedural concerns, however.

Citation:

Kyodo News, My Number law takes effect amid privacy fears, The Japan Times, 5 October 2015, <http://www.japantimes.co.jp/news/2015/10/05/national/number-law-now-effect-notifications-set-sent/>

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. 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 follows international standards in a formal sense only, with underlying informal institutional mechanisms changing much more slowly.

International
Coordination
Score: 7

In recent years, Japan has been actively involved in the G-20 mechanism designed to meet the challenges of global financial turmoil. It will host the 2016 G-7 meeting. Nevertheless, Japan is less visible in international or global settings than might be expected in view of its substantial global economic role. Since Shinzo Abe's second term as prime minister, which started in late 2012, there is some more continuity and international visibility, though not in terms of spearheading multilateral initiatives.

The Japanese constitution makes it difficult for Japan to engage in international missions that include the use of force, although it can legally contribute funds. In September 2015, despite considerable public opposition including mass rallies, new security laws were passed that allow military intervention overseas in defense of allies. Also in 2015, Japan and the United States overhauled their Mutual Defense Guidelines to allow for deeper cooperation and emphasize the global nature of the bilateral alliance.

Japan has actively supported and contributed to regional Asia-Pacific initiatives. Regional financial cooperation under the Chiang Mai Initiative (CMI) has gathered momentum and been quite markedly shaped by Japan. More recently, China has emerged as another increasingly influential actor shaping regional initiatives such as the recently established Asian Infrastructure Investment Bank (AIIB), which Japan has not yet joined.

Japan has not played a leading role in global environmental-policy efforts, particularly in the post-Kyoto Protocol negotiations. In 2015, Japan pledged \$4 billion for the Sendai Cooperation Initiative for Disaster Risk Reduction in the context of UN efforts in this field.

Citation:

Mitsuru Obe, Japan Parliament Approves Overseas Military Expansion, The Wall Street Journal, 18 September 2015, <http://www.wsj.com/articles/japan-parliament-approves-abe-security-bills-1442596867>

The Economist, Japan and the AIIB: To join or not to join, 30 May 2015, <http://www.economist.com/news/asia/21652351-will-japan-lend-its-muscle-chinas-new-asian-infrastructure-bank-join-or-not-join>

Organizational Reform

Self-monitoring
Score: 7

Governmental institutional reform has been a major topic of consideration and debate in Japanese politics for more than a decade. The DPJ-led governments of 2010 to 2012 drew lessons from the perceived failures of institutional reforms enacted under the first DPJ Prime Minister Hatoyama (2009/10) and introduced quite significant changes. The current LDP-led government under Prime Minister Abe has also tried to readjust institutional arrangements by establishing and/or

Institutional
Reform
Score: 7

reinvigorating a number of councils and committees. To some extent, the Abe government tries to reinstitutionalize the strong leadership-framework of the years under PM Koizumi (2001-2006), for instance through a strong Kantei. Subsequent cabinets have in recent years thus given considerable and recurring thought to institutional (re-)arrangements.

The failed DPJ-led reform initiatives demonstrated the difficulties of trying to transplant elements from another political system (in this case, Westminster-style cabinet-centered policymaking) into a political environment with long-established independent traditions. In comparison, the post-2012 Abe-led government has been quite successful in pushing at least portions of its policy agenda through parliament. It is open to debate whether the centralization of power at the cabinet-level was the most important factor or whether the strong majority in both houses of parliament, paired with opposing political parties' weakness, was at least as important. The passage of the security laws in 2015 – a major success from the government's perspective – may seem to provide evidence of more robust institutional arrangements than in earlier years. However, problems in moving the economic-reform agenda decisively forward in many fields such as labor-market reform suggest that the Abe-led government has also had difficulty in overcoming stumbling blocks deriving from longtime traditions.

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 7

There is a substantial amount of information about policies and policymaking available in Japan. For instance, ministries regularly publish so-called white papers, which explain the current conditions, challenges and policies being implemented in certain policy areas in great detail.

However, while there is plenty of official government information, this does not necessarily mean that citizens feel satisfied or consider the information trustworthy. According to the Edelman Trust Barometer, trust reached a low point after the 3/11 disasters. It has recovered somewhat since, but in 2015 stood at only 40%, well below the average of 50% for the 27 countries covered, and still five points lower than in 2014.

Citation:
Edelman, op. cit.

Legislative Actors' Resources

Parliamentary
Resources
Score: 7

Parliamentarians in Japan have substantial resources at their disposal to independently assess policy proposals. Every member of parliament can employ one policy secretary and two public secretaries, who are paid through an annual fund totaling JPY 20 million (about €151,000 in November 2015). However, in many cases these secretaries are primarily used for the purposes of representation at home and in Tokyo. The lower and upper houses jointly have access to a 560-staff-member Research Bureau tasked with supporting committee work and helping in drafting bills. A separate Legislative Bureau for both houses, with 157 staff members, assists in drafting members' bills and amendments. The National Diet Library is the country's premier library, with parliamentary support among its primary objectives. It has a Research Bureau with over 190 staff members whose tasks include research and reference services based on requests by policymakers.

Notably, the substantial available resources are not used in an optimal way for the purposes of policymaking and monitoring. The main reason for this is that the Japanese Diet tends toward being an arena parliament, with little legislative work taking place at the committee level. Bills are traditionally prepared inside the parties with support from the national bureaucracy. Ruling parties can rely on bureaucrats to provide input and information, while opposition parties can at least obtain policy-relevant information from the national bureaucracy.

Citation:

Jun Makita, A Policy Analysis of the Japanese Diet from the Perspective of 'Legislative Supporting Agencies', in Yukio Adachi, Sukehiro Hosono and Iio Jun (eds), *Policy Analysis in Japan*, Bristol: Policy Press 2015, pp. 123-138

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.

Summoning
Ministers
Score: 9

Committees may request the attendance of ministers and lower-ranking top ministry personnel, such as senior vice-ministers, among others.

Summoning
Experts
Score: 7

Under Article 62 of the constitution, the Diet and its 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
Congruence
Score: 9

The Diet's standing committees (17 in both the lower and the upper house) closely correspond to the sectoral responsibility of the government's major ministries. Indeed, the areas of committee jurisdiction are defined in this manner. The portfolios of the ministers of state cover special task areas and are in some cases mirrored by special committees (e.g., consumer affairs). Special committees can and have been set up to deal with current (or recurring) issues. In the lower house, there are currently 10 such committees on issues such as science, technology and innovation and nuclear power.

Audit Office
Score: 5

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 are forwarded to the Diet along with the cabinet's own financial statements. The board is free to direct its own activities, but parliament can request audits on special topics. Since 2005, the board has been able to forward opinions and recommendations in between its regular yearly audit reports.

In 2015, the board criticized electricity provider TEPCO, which is responsible for the Fukushima nuclear plant, for misusing JPY 190 billion (about €1.4 billion) in taxpayers' money during the Fukushima cleanup. Thus, the Board of Audit fulfilled its independent-watchdog function in this high-profile case.

Citation:

Mari Yamaguchi, Board of Audit: Billions of Yen wasted in Fukushima No. 1 cleanup, The Japan Times, 24 March 2015, <http://www.japantimes.co.jp/news/2015/03/24/national/board-of-audit-billions-of-yen-wasted-in-fukushima-no-1-cleanup/>

Ombuds Office
Score: 5

While there is no national-level (parliamentary) ombuds office as such, the two houses of parliament handle petitions received through their committees on audit and administrative oversight. Citizens and organized groups also frequently deliver petitions to individual parliamentarians.

An important petition mechanism is located in the Administrative Evaluation Bureau of the Ministry of Internal Affairs and Communications. This body serves as Japan's representative in the Asian Ombudsman Association. The bureau runs an administrative counseling service with some 50 local field offices that can handle public complaints, as can some 220 civil servants engaged in administrative counseling. In addition, about 5,000 volunteer administrative counselors serve as go-betweens. A related mechanism is the Administrative Grievance Resolution Promotion Council, which includes non-governmental experts.

Citation:

Asian Ombudsman Association: AOA Fact Sheet - Administrative Evaluation Bureau, Japan, available from: http://asianombudsman.com/index.php?option=com_content&view=article&id=133&Itemid=199&lang=en

Media

Media Reporting
Score: 7

NHK, the public broadcaster, provides ample and in-depth information on policy issues. It had a near-monopoly in this role until the 1970s. Since that time, major private broadcasting networks have also moved into this field, while trying to make the provision of information entertaining. NHK also operates a news- and speech-based radio program (Radio 1). The widely read major national newspapers also provide information in a sober manner and style. However, because of their dense personal links with political figures, which finds its institutionalized expression in the journalist club system, these newspapers rarely expose major scandals. Nonetheless, their editorializing can be quite critical of government policy. Investigative journalism is typically confined to weekly or monthly publications. While some of these are of high quality, others are more sensationalist in character.

The 3/11 disaster undermined public trust in leading media organizations, while spotlighting the emerging role played by new social media such as Twitter, Facebook and YouTube. Personnel changes at NHK after the Abe-led government took power, resulting in a leadership that openly declared its intention to steer a pro-government course, as well as a reporting scandal involving the liberal Asahi newspaper, reduced faith in some major media channels further. According to the 2015 Edelman Trust Barometer, the share of Japanese citizens saying they trust the media tumbled to 31% in 2014 from a previously level of 40%. Online search engines (drawing trust ratings of 37% vs. 20% for TV and just 18% for newspapers) have become the medium of choice for confirming or validating news.

Citation:
Edelman, *op. cit.*

Parties and Interest Associations

Intra-party
Democracy
Score: 3

Generally speaking, parties in Japan are fairly insider-oriented, with policy and personnel decisions driven by leading politicians and their clientelistic networks. One symptom of this is the high number of “hereditary seats” in parliament, which have been held by members of the same family for generations. Shinzo Abe, the current LDP prime minister, is among those who “inherited” his seat, in his case from his deceased father Shintaro Abe, who was also a leading LDP politician.

Japan’s two major parties are the LDP and the currently far weaker DPJ. The LDP has traditionally revolved around individual politicians, their personal local-

support organizations and the intraparty factions built by key party leaders. (The importance of factionalism has declined since the 1990s). Ordinary party-member involvement is usually limited to membership in a local support organization and is based on mutual material interests: While members want political and hopefully tangible support for their communities, the politician at the group's head wants public support for his or her (re-)election. However, few faction leaders are these days found in the cabinet – the party has become more centralized in recent years. Party congresses offer little real opportunity for policy input by delegates. However, delegates from regional party branches have taken part in selecting party leaders since the early 2000s, with some branches basing their eventual choice on the outcome of local primaries. While the LDP has also paid some lip service to increased intraparty democracy, it has shied away from major internal reforms aimed at making the party more open and inclusive.

The DPJ is somewhat less institutionalized in terms of internal groupings and support organizations, but basically follows a similar pattern. It has experimented with open calls for recruiting parliamentary candidates (with the LDP having recently followed suit in cases where there is no incumbent or designated candidate). The DPJ has also allowed party members and other registered supporters to take part in a few leadership elections over the years but the party's programmatic and personnel decisions are still controlled by insider circles.

Citation:

LDP factions lose clout, leaving Abe with monopoly on power, Japan Times, 23 November 2015, <http://www.japantimes.co.jp/news/2015/11/23/national/politics-diplomacy/ldp-factions-lose-clout-leaving-abe-monopoly-power/>

Ching-Hsin Yu, Eric Chen-Hua Yu and Kaori Shoji, Innovations of Candidate Selection Methods: Polling Primary and Kobo under the New Electoral Rules in Taiwan and Japan, *Japanese Journal of Political Science* 15 (2014), 4, pp. 635-659

Association
Competence
(Business)
Score: 7

Japan's leading business and labor organizations regularly prepare topical policy proposals aimed at stirring public debate and influencing government policymaking. The three umbrella business federations – Keidanren (formerly Nippon Keidanren), the Japan Association of Corporate Executives (Doyukai), and the Japanese Chamber of Industry and Commerce (Nissho) – as well as Rengo, the leading trade-union federation, make their impact felt not only by publishing policy papers, but also through their membership in government advisory committees. As the business sector's financial support of political parties has declined and major companies have globalized their operations, politicians may have become less willing to accommodate the views of these interest groups. While there is an obvious scramble for influence between Rengo and the business organizations, there is also growing competition among the business organizations themselves. For instance, 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 has been outspoken in demanding a more open business environment.

Association
Competence
(Others)
Score: 4

Civil-society organizations with a public-policy focus are rare in Japan. Until 1998, it was very difficult to find such an organization and ensure a steady flow of membership contributions and/or donations. The Non-Profit Organization Law of 1998 made the incorporation of such bodies easier but many bureaucratic and financial challenges remain. With a few sectoral exceptions, the depth and breadth of such organizations in Japan thus remains limited. Japan also lacks a well-developed think-tank scene. It should also be noted that some non-profit organizations are used by the government bureaucracy as auxiliary mechanisms in areas where it cannot or does not want to become directly involved.

Following the 3/11 disasters, and more recently in the context of the controversy over the government's security-law extension, civil-society groups have taken an increased role in expressing public concerns and organizing mass rallies. High levels of engagement on the part of activists notwithstanding, it is difficult for such actors to create professionally operating, sustainable organizations. As a case in point, the Students Emergency Action for Liberal Democracy (SEALDs) group gained considerable attention during the 2014 – 2015 protests against a reinterpretation of the constitution's so-called peace clause. However, leaders of the group announced in late 2015 that they would cease their activities after the 2016 upper-house election, as they would be graduating from university.

Citation:

Susanne Brucksch, Japan's Civil Society and its Fight against Nuclear Energy, Sustainable Governance Indicators Website, 09.04.2014, <http://news.sgi-network.org/news/details/1212/theme-democracy-sustainability/japans-civil-society-and-its-fight-against-nuclear-energy/>

Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany
Phone +49 5241 81-0

Dr. Daniel Schraad-Tischler
Phone +49 5241 81-81240
daniel.schraad-tischler@bertelsmann-stiftung.de

Dr. Christian Kroll
Phone +49 5241 81-81471
christian.kroll@bertelsmann-stiftung.de

Dr. Christof Schiller
Phone +49 5241 81-81470
christof.schiller@bertelsmann-stiftung.de

Pia Paulini
Phone +49 5241 81-81468
pia.paulini@bertelsmann-stiftung.de

www.bertelsmann-stiftung.de
www.sgi-network.org