



Japan Report

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Sustainable Governance Indicators 2018

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Executive Summary

After years of short-lived cabinets, the 2012 general election led to a stable coalition between the Liberal Democratic Party (LDP) and the Komeito that has lasted since, creating a space for decisive political action in Japan rarely seen in recent decades. The Lower House snap election in October 2017 confirmed the governing coalition, which following the election held two-thirds majorities in both chambers. Despite the election results, however, Prime Minister Shinzo Abe remains unpopular among many voters. While this is in part because of his goal to change the constitution, other factors include the delays in implementing his socioeconomic reform agenda and his administration's inability either to achieve a robust economic upturn or effectively address the issues of precarious employment and unequal income distribution. These still-unsolved problems continue to lead to old-age poverty and unstable jobs for large numbers of people, especially among the young generation.

During its first years in power, the Abe cabinet focused on a major economic-stimulus program ("Abenomics" and its "Three Arrows") that included an aggressive course of monetary easing and additional deficit spending. While the short-term effects of this unprecedented policy gamble were positive, consumption and investment levels have remained anemic, leading to a weak but prolonged recovery. This has led to a positive inflation rate, but without producing a definitive upswing. Long-term prospects for improvement still depend on serious structural reforms, the so-called third arrow of Abenomics; however, these reforms have yet to emerge, despite some progress related to better conditions for working women, for example.

Since 2015, a second policy round consisting of three new "arrows" – this time referring to a strong economy, better child care and improved social security – has further deflected attention from institutional reforms. Apart from social-policy measures reacting to the emergence of serious distributional concerns, the focus on a "strong economy," which has involved an emphasis on productivity, small enterprises, regional economies and selected industries, has tended to evoke conventional concepts of industrial policy, which are of dubious value in today's global economic environment. Moreover, the stimulus power of the unconventional monetary easing seems to have reached its limits, and is no longer able to trigger the desired sustained upturn of

expectations and economic activity.

Time is running out in Japan to initiate a strong economic upturn. In parallel, the potential for destabilizing junctures is growing, with trust in institutions remaining very low, and the population among the most pessimistic in the OECD world.

With regard to international policy, U.S. President Trump's decision not to ratify the Trans-Pacific Partnership (TPP) and the escalation in U.S.-North Korean tensions have created a difficult situation for Japan. Tensions with China and South Korea have been reduced to some extent, and Japan seems more willing to accept Chinese leadership on some regional issues, for instance in matters related to the Asian Infrastructure Investment Bank.

Constitutional reform, the government's second major stated policy priority, has been met with considerable resistance. Nevertheless, the government successfully introduced new security legislation in 2015 despite considerable opposition, providing the basis for a more proactive security strategy. With the necessary supermajorities in parliament in place, Abe seems determined to push ahead with his plans to achieve a revision by 2020, despite the widespread unpopularity of this move.

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 criticism has grown and civil society organizations have become more active following the catastrophes of 3/11 and the controversy over the introduction of the security laws, but to date this has had only very limited impact on public policy. The recent passage of the state secrets law and attempts to sideline progressive voices within the established media are worrying, and concerns about press freedom and civil liberties have been mounting. Japan is now at the bottom of G-7 in terms of press-freedom ratings. The parliamentary opposition effectively lacks the ability to launch initiatives vis-à-vis the government. The governing coalition's supermajorities in parliament severely impede the opposition's capacity to exercise effective oversight.

The LDP-led government has quite successfully sought to steer from the center, for instance by strengthening the Cabinet Office and its secretariat, and centralizing discussion fora for cross-cutting strategic issues. However, tensions between the core executive and line ministries (and their constituencies) remain, and have contributed to delayed reforms in several policy areas.

Key Challenges

Japan provides a high standard of living and safe living conditions for more than 120 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, and its rate of per capita economic growth is in line with that in the United States or the European Union. Notably, however, disposable incomes have risen little in recent years, and real consumption per capita has been flat. In a country that was once hailed as the epitome of equitable growth, a new precariat has emerged, with 40% of the labor force working in nonregular positions.

If stability is to be achieved, the Abenomics program's short-term expansionary measures must be followed by serious structural reforms. Vital policy objectives include the significant reduction of protectionist agricultural provisions, the creation of a more liberal labor-market regime, the provision of effective support for well-educated women, the establishment of a more liberal immigration policy with corresponding integration policies, the development of a convincing energy policy in line with the 2015 Paris Agreement, and the introduction of better-targeted social-policy reforms.

Some progress has been made, for instance in the area of free-trade promotion, but more has to be achieved, and swiftly. For example, labor-policy reform bills were delayed during the review period because of the snap elections in 2017, while even the draft measures appeared to place insufficient priority on distributional outcomes.

The resistance to restarting nuclear reactors among the public, regional governments and even the court system should lead the government to rethink its strategy and seek a more acceptable energy policy that conforms with the 2015 Paris Agreement goals.

The window in which genuine progress can be made is closing, as macroeconomic stimulus has its limits. The administration has pushed the central bank further toward activist policy, promised to increase government expenditures, and earmarked expected consumption-tax increases for further public spending instead of debt reduction, all moves that increase the danger that the public finances will be pushed into unsustainability.

In the field of foreign and security policy, it will be very tricky for the LDP to balance its assertive reformulation of security laws and possible further moves toward constitutional change with these policies' potential negative effects on (regional) foreign relations. The limited popular support for this policy direction will only further exacerbate these hurdles. While Japan has enjoyed a good start with the current U.S. president, and while the dangers of even more protectionism globally seem somewhat reduced, this does not diminish concerns about other challenges such as the specter of a nuclear arms race in the region and increasing tensions with a resurgent China.

The ruling coalition's comfortable supermajorities in both chambers of parliament provide the government with both opportunity and challenges. They seem to give the government the necessary leverage to push through reforms, but also strengthen the position of parliamentary vested interests that oppose a disruption of the comfortable status quo.

It will be risky for the government to pursue its two major priorities, economic and constitutional reform, at the same time, since the recent past indicates that the coalition's remaining political capital may not suffice to accomplish both. Without a return to a strong economy, constitutional change will not create a more self-assured Japanese state. Thus, socioeconomic reform should take precedence. In this regard, 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.

Courts, the media (including social media) and civil society movements should seek to improve their capacities to monitor and oversee the government. The government should not view media criticism as an obstacle to the fulfillment of its ambitions, but as a corrective in an open and democratic society that works to improve the fit between government plans and popular aspirations and concerns.

As of this date, the parliament does not provide effective governmental checks and balances. Parliamentarians need to make better use of their resources to develop alternative legislative initiatives.

The difficult search for country-level solutions should be combined with policy experiments at other levels. The post-2014 introduction of new special economic zones is a welcome step, but this strategy should be both bolder and broader.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 4

Recent macroeconomic developments have been mixed. The seven quarters through the end of September 2017 have been a period of continuous growth, the longest such stretch of unbroken expansion since 2001. While this is a notable achievement, annualized growth rates have remained relatively modest, and structural constraints in terms of demography and labor-market rigidities continue to cast a shadow on future growth prospects. The real growth rate in fiscal year 2016 – 2017 was 1.2%. The goals of a 2% annual inflation rate and concomitant increases in inflation expectations have not been achieved. In mid-2017, the Bank of Japan postponed the forecasted achievement of its 2% inflation objective for a sixth time, with the target date now fiscal year 2019 – 2020. The achievement of higher consumption and inflation rates has also been made difficult in the face of resistance by large enterprises to raise wages significantly (in spite of government pressure to do so).

In August 2016, the government announced a new multiyear JPY 28.1 trillion (€245 billion) stimulus program. In parallel with the October 2017 snap election, Prime Minister Abe announced yet another JPY 2 trillion (€15 billion) stimulus package for the end of the year, raising further fiscal-consolidation concerns.

Despite this consistent government and central-bank activity, and despite the presence of significant company cash holdings from retained profits, consumption and domestic investment levels remain weak, as optimism about the economic future has remained at a low ebb.

In terms of trade policy, the Japanese government was able to achieve significant progress in 2017 by leading efforts to conclude a revised trans-

Pacific free-trade agreement (dubbed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, CPTPP) without the United States, and including exemptions in some controversial areas, as well as by finally reaching agreement with the European Union to conclude a bilateral FTA, which had been in the making for four years and might take effect in 2019.

Citation:

Robert Harding, Japan launches \$45bn stimulus package, Financial Times, 2 August 2016, <https://www.ft.com/content/857bd6ee-588a-11e6-8d05-4eaa66292c32>

Robert Harding, Growth puts Japan on track to lift inflation, Financial Times, 16 November 2017, p.4

Robin Harding, Japan trade unions resist Abe wage call drive, Financial Times, 6 December 2017, p.4

Noriyuki Suzuki, Japan's longest growth run in 16 years may not guarantee future prosperity, Japan Times, 15 November 2017, <https://www.japantimes.co.jp/news/2017/11/15/business/economy-business/japans-longest-growth-run-16-years-may-not-guarantee-future-prosperity/>

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Japan and EU hail creation of a 'gigantic economic zone' as trade talks conclude, Japan Times, 9 December 2017, <https://www.japantimes.co.jp/news/2017/12/09/national/politics-diplomacy/japan-eu-reach-final-accord-trade-pact-eye-implementation-early-2019/>

Trade deals: Who needs America?, The Economist, 16 November 2017, <https://www.economist.com/news/finance-and-economics/21731428-eleven-countries-resurrect-trans-pacific-partnership-who-needs-america>

Labor Markets

Labor Market
Policy
Score: 7

Japan's unemployment rate reached a 23-year low of 2.8% in August 2017 (although this figure would likely be somewhat higher if measured in the same manner as in other advanced economies).

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 nonregular employment has risen strongly; while only 20% of jobs were nonregular in the mid-1980s, this percentage has risen to about 40%. 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. 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 announced sweeping reforms. In March 2017, it made public a reform agenda that addresses the wage gap between regular and nonregular work – often dubbed the “equal pay for equal work” provision – and also includes a cap on overtime and an expansion of childcare facilities. The government also raised the minimum wage by 3% in fiscal year 2017.

A revision of the Labor Standards Law and related legislation was scheduled for an extraordinary parliament session in 2017. However, due to the snap election in that year, decisions in this area were put on hold.

The government has sought both to increase the role played by women in the economy and to boost national birth rate. In fact, these two goals have proven difficult to achieve in parallel. However, one noteworthy element of the 2016 fiscal-stimulus program was an increase in the number of child care facilities.

Citation:

Parties must commit to work style reforms that curb excessive overtime, The Japan News (by the Yomiuri Shimbun), 17 October 2017, <http://the-japan-news.com/news/article/0004008308>

Robin Harding, Shinzo Abe fears wrath of the salaryman on labor reform, Financial Times, 12 October 2016, <https://www.ft.com/content/5e3114be-902a-11e6-8df8-d3778b55a923>

Taxes

Tax Policy
Score: 6

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

In terms of competitiveness, the previous 35% corporate-tax rate has clearly been too high in international comparison. In 2016, the combined national and local corporate effective income-tax rate declined from 32.11% to 29.97%, with a further reduction to 29.74% slated for in April 2018.

The fact that authorities are following up on their initial promise to lower corporate-tax rates despite the fiscal tension is 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 comparatively low consumption tax is important for easing budgetary stress, particularly given the huge public debt and the challenges of an aging population. The government raised the consumption-tax rate from 5% to 8% in April 2014, while plans to increase it to 10% have been shelved several times ahead of elections. In June 2016, Abe postponed the tax hike to October 2019, and reconfirmed this date in mid-2017, when announcing a snap election for October of that year. However, Abe also announced that the proceeds from the tax hike would not be fully deployed to reduce the public debt; instead, half would be used for education and child care, he said. This served to deepen worries about fiscal reliability and prudence.

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>

Reiji Yoshida, Abe trots out tax hike issue again before snap election to boost LDP chances, The Japan Times, 26 September 2017, <https://www.japantimes.co.jp/news/2017/09/26/business/abe-trots-tax-hike-snap-vote/>

Budgets

Budgetary Policy
Score: 2

Gross public indebtedness in Japan amounted to 239% of GDP in 2016 (IMF data), the highest such level among advanced economies. The primary balance also continues to show a strong deficit, of about 4% in both 2016 and 2017. The Abe government has repeatedly reiterated its intention to achieve primary budget balance by 2020. However, before the October 2017 snap election, Abe announced that only half of the proceeds of the consumption-tax hike planned for 2019 would be used for debt consolidation, so the 2020 target for primary budget balance is now out of reach. Based on the weaknesses in the public-finance analysis category, Scope, a major European rating agency, downgraded Japan's credit rating to A+ in September 2017.

Nominal interest rates have remained 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 development given the aging Japanese population – future government deficits may be difficult to absorb domestically. In this 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.

In addition to such structural longer-term concerns, the unprecedented presence of the central bank in the financial market can lead to short-term liquidity shortages in the availability of Japanese government bonds (JGBs). This can lead to considerable short-term swings in JGB prices and may thus cause significant concerns regarding the stability of the financial system.

Citation:

International Monetary Fund, Japan 2017 Article IV Consultation – Press Release; Staff Report; and Statement by the Executive Director for Japan, IMF Country Report No. 17/242, July 2017

Scope Ratings AG, Japan Rating Report, 29 September 2017

Research and Innovation

R&I Policy
Score: 7

Science, technology and innovation (STI) receive considerable government attention and funding. Current policies are based on the Fifth Science and Technology Basic Plan (2016-2020), approved in December 2015. The government has determined to spend one% of GDP on science and technology. A major focus is on creating a “super-smart” society, also dubbed Society 5.0. Concrete measures 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 before – the promotion of critical technologies, including defense-related projects considered indispensable for Japan’s security.

The government and outside observers realize that Japan’s strong position among the world’s top technology nations is slowly declining, based on various indicators, including the often-used Nature Index. One problem frequently heard is that researchers find it difficult to pursue long-term projects, as they are pressured to produce short-term results. Another major issue is young researchers’ difficulty in finding stable professional positions, with tenured positions often held by older staff. This is one of the problems that the current Basic Plan takes seriously and tries to address.

In institutional terms, basic research and innovation policy is overseen by the Council for Science and Technology Policy (CSTP). This body is headed by the prime minister, signaling the high status accorded to STI issues. In

previous times, the council lacked concrete authority and clout. However, the LDP-led government has changed this situation by installing the CSTP as a think tank above the ministries, and providing it with budgetary power and increased personnel. It is unclear whether the addition of a new bureaucratic layer above the ministries will ultimately increase efficiency.

Citation:

Council for Science, Technology and Innovation/Cabinet Office, Report on the 5th Science and Technology Basic Plan, 18 December 2015

Nature Index 2017 Japan, Nature, Vol. 543 No. 7646_supp ppS1-S40, <http://www.nature.com/nature/supplements/nature-index-2017-japan/index.html>

China holds mantle of Asia's technology, science power. Myopic outlook sees Japan losing steam and competitiveness, Nikkei Asian Review, 7 December 2016, <https://asia.nikkei.com/Tech-Science/Tech/China-holds-mantle-of-Asia-s-technology-science-power?page=2>

Global Financial System

Stabilizing
Global Financial
Markets
Score: 6

As host of the 2016 G-7 meeting, Japan had an agenda-setting opportunity. However, reforming the global financial architecture has not been a high-priority issue for Japan. Rather, the prime minister used the meeting to push his domestic political agenda by drawing an alarmist picture of the global economy, in attempts to legitimize the decision announced a few days later to postpone the increase of the consumption tax.

On the regional and plurilateral level, Japan's influence has been somewhat eclipsed by China, as China is heavily involved in creating a number of new international financial institutions such as the (BRICS) New Development Bank and the BRICS Reserve Contingency Arrangement. With respect to the Asian Infrastructure Investment Bank (AIIB) initiated by China, Japan initially elected not to join. In early 2017, however, government sources indicated that this position is being reconsidered. Most major countries aside from the United States have done so already, so Japan's move seems reasonable; however, it also signifies that Japan has become a follower rather than a leader in regional (financial) initiatives.

Citation:

LDP executive says Japan needs to soon join the AIIB, The Asahi Shimbun, 16 May 2017, <http://www.asahi.com/ajw/articles/AJ201705160020.html>

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. Under the LDP-led coalition, renewed emphasis has been placed on reaching the top international tier as well as improving the use of English. While the number of students going abroad for study has been declining for a number of years, this trend seems to have halted recently.

The government is actively promoting reforms. One current topic is strengthening adult education programs in order to support mid-career employment opportunities. Authorities are also actively working on curriculum reform, scheduled to be introduced in 2020.

A separate issue is the problem of growing income inequality at a time of economic stagnation. The government announced in 2017 that it is considering reducing the cost of higher education, or even making it free for students.

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 public's general willingness to spend money for educational purposes reduces the pressure to economize and seek efficiencies.

There is growing concern that reform measures have not achieved their intended goals. Despite major university reforms and the government's well-publicized intention to place 10 universities among the world's top 100, the rankings accorded to leading Japanese universities has proven disappointing in recent years. In the Times Higher Education World University Rankings of 2017, the University of Tokyo, Japan's top school, slipped to 46th place, its lowest position ever.

Social Inclusion

Social Inclusion
Policy
Score: 5

Once a model of social inclusion, Japan has developed considerable problems with respect to income inequality and poverty over the past decade. Gender inequality also remains a serious issue. In terms of the poverty rate, income distribution measured by the Gini coefficient, and life satisfaction, Japan now

ranks in the bottom half of the OECD. In a 2017 OECD report on the state of disadvantaged young people, the organization stressed the need to reduce the number of young people (age 15 – 29) not in education, employment or training (so-called NEETs), which stood at 1.7 million in 2015. This group includes thousands of socially withdrawn persons (hikikomori), who rarely leave their homes. Overall, the number of such people in Japan could be nearly 1 million, an alarming figure.

The LDP-led government, in power since late 2012, initially focused its attention on its growth agenda. Since 2016, however, it has given more emphasis to social-inclusion issues, addressing wide-ranging target groups such as people with disabilities and the elderly. Related labor-market measures are addressed elsewhere in this report.

Citation:

OECD: Investing in Youth: Japan, Paris, 29 May 2017, <http://dx.doi.org/10.1787/9789264275898-en>

Cabinet (Japan), The Japan's Plan for Dynamic Engagement of All Citizens, 2 June 2016

Labor ministry to extend job program to social recluses and NEETs in early 40s, Japan Times, 18 November 2017, <https://www.japantimes.co.jp/news/2017/11/18/national/labor-ministry-extend-job-program-social-recluses-neets-early-40s/>

Health

Health Policy
Score: 7

Japan has a universal health care system. Life expectancies are currently the second-highest in the world – 80 years for men and 87 for women (at birth). Infant-mortality rates are among the world's lowest (2.0 deaths per 1,000 live births). 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.

Challenges for the health care system include the needs to contain costs, enhance quality and address imbalances. Some limited progress with respect to cost containment has been made in recent years.

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. The 2016 revision of the Act Securing Hometown Medical and Long-Term Care facilitates the integrated delivery of medical and long-term care services for the elderly.

Citation:

Kyodo News, Burden of “double care” of young and old grows in Japan: survey, 4 October 2016, <http://kyodonews.net/news/2016/10/04/82421>

Suzuki, Itoko: Japan’s Health Care Support for Elderly Revisited, PA Times, American Society for Public Administration, 31 January 2017, <http://patimes.org/japans-health-care-support-elderly-revisited/>

Families

Family Policy
Score: 5

According to OECD statistics, Japan has one of the group’s highest gender gaps 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 above. While the labor-participation rate among women increased to 66% in 2016, surpassing the United States, the majority of employed women work in part-time, nonregular jobs. Although several policy measures aimed at addressing these issues have been implemented since the 1990s, many challenges remain.

The LDP-led government has sought to provide support for women in the labor force, referring to its policy efforts in this area as “womenomics.” For example, it has made some effort to improve child care provision in order to improve the conditions of working mothers. In October 2017, changes to the Child Care Leave System were introduced, enabling leave to be extended from one to two years under certain circumstances. Moreover, kindergartens will accept two-year-olds beginning in April 2018.

The birth rate has stabilized at a low level of around 1.4 births per woman. The government’s target rate of 1.8 remains as yet out of reach.

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.

Citation:

Kathy Matsui, ‘Womenomics’ continues as a work in progress, The Japan Times, 25 May 2016, <http://www.japantimes.co.jp/news/2016/05/25/business/economy-business/womenomics-continues-work-progress/>

Pensions

Pension Policy
Score: 6

Given the rapid aging of the population, Japan’s pension system faces critical challenges. The last major overhaul took effect in 2006. Under its provisions, future pension disbursements would rise less than inflation, payments (after an

intermediate period) would commence at age 65 instead of 60, contributions would top out at 18.3% of income, and a payout ratio of 50% was promised. However, the program's assumed relationship between future payment levels, contributions and the starting age for receiving benefits was based on optimistic macroeconomic forecasts. In late 2016, a "burden sharing" provision was introduced for future years, for instance stipulating that pension adjustments will only reflect wage-level changes, not price-level changes.

The Government Pension Investment Fund has shifted its asset portfolio somewhat away from bonds (and away from Japanese government bonds (JGBs) in particular), and toward other assets such as domestic and international stocks. 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. The fund performed well in 2016, growing by 5.9% in value.

Japan has a higher-than-average old-age poverty rate, although the previous pension reform contributed to reducing this gap. Since 2016, more nonregular workers have been enrolled in the earnings-related national pension scheme (kôsei nenkin instead of the more basic kokumin nenkin) as the necessary income ceiling has been lowered. In a parallel move, the government has increased pressure on those who do not contribute to the national pension system, initiating the possibility of seizing the assets of non-contributors. Only 63.4% of those covered were estimated to have paid their premiums in 2015.

Citation:

Japan to get tougher on pension premium deadbeats, Nikkei Asian Review, 20 September 2016

Japan's pension payments system set for overhaul, Japan Times, 3 February 2017

Integration

Integration Policy
Score: 3

In spite of its aging and shrinking population (which is forecast to fall by more than 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. Still, the number of legal foreign residents hit a record high of 2.38 million at the end of 2016.

One of the few exceptions are bilateral economic-partnership pacts that have allowed Filipino and Indonesian nurses and caregivers to enter Japan on a temporary basis since 2008.

The LDP-led government has relaxed some immigration restrictions with the aim of attracting highly skilled foreign professionals. Under a new program

dubbed the “green card for highly skilled professionals,” it is possible to apply for permanent residence after residing in Japan for five years.

Since mid-2017, non-Japanese residents have been able to draw pensions after 10 years of paying contributions, rather than after 25 years as previously.

Recently, more voices within the LDP have stressed the need to reconsider Japan’s approach to foreign labor in view of Japan’s labor shortages. Nevertheless, the Japanese government still appears reluctant to embrace the idea of a full-fledged immigration policy, and has proceeded quietly on the issue. The nationalistic viewpoints held by many LDP lawmakers pose particular challenges.

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 often remains rudimentary, especially outside the metropolitan centers.

Citation:

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

Himeda Konatsu, Easier Permanent Residency for Highly Skilled Foreign Professionals – Is Japan Ready?, Nippon.com, 11 April 2017, <http://www.nippon.com/en/currents/d00304/>

Record 2.38 million foreign residents living in Japan in 2016, Japan Times, 17 March 2017, <https://www.japantimes.co.jp/news/2017/03/17/national/record-2-38-million-foreign-residents-living-japan-2016/>

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 in particular, Japan’s good reputation is well deserved. The number of confirmed criminal cases has significantly declined in recent years.

Terrorism also poses no major discernible threat today. Nevertheless, ahead of the Tokyo 2020 Olympics, parliament passed an “anti-conspiracy bill” in 2017, considerably expanding police power. This has been strongly criticized for curbing civil liberties, as discussed elsewhere in this report.

Another issue is the existence of organized gangs, the so-called yakuza. These groups have recently moved into fraud and white-collar crimes. However, according to National Police data, yakuza membership has declined

considerably, from a total of almost 70,000 in the 1990s to around 18,000 at the end of 2016.

Citation:

Fragmented Yamaguchi-gumi a Sign of Changing Yakuza Times, Nippon.com, 4 October 2017, <http://www.nippon.com/en/features/c04201/>

Global Inequalities

Global Social
Policy
Score: 6

The level of official development assistance (ODA) provided by Japan in 2016 increased by 12.7% as compared to the previous year. Part of the increase was earmarked for opening embassies in additional countries, following in the footsteps of China. However, in relative terms, Japan has typically underperformed compared to the OECD average. The quality of the aid provided has improved in recent years, but assistance has been increasingly aligned with Japan's broader external-security concerns, a trend which may be viewed critically from the perspective of potential recipients or indeed the development community at large. The country's 2015 Development Cooperation Charter stresses the principle of cooperation for nonmilitary purpose; the important role of partnerships with the private sector, local governments, NGOs and other local organizations and stakeholders; an emphasis on self-help and inclusiveness; and a focus on gender issues. These ODA guidelines also enable Japan to support aid recipients in security matters, for instance by providing coast-guard equipment.

In the 2015 – 2016 period, the government started a Partnership for Quality Infrastructure, through which it plans to contribute \$200 billion by 2020 to projects all over the world. Many observers see the plan as a reaction to China's Belt and Road initiative, with the advantage that Japan can contribute its world-class technological competence.

Tariffs for agricultural products remain high, as are those for 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.

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/>

Tridivesh Singh Maini, Japan's Effort to Counter China's Silk Road, The Globalist, 6 April 2016, <http://www.theglobalist.com/japan-effort-to-counter-china-silk-road-india/>

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. 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. However, the LDP-led government has reiterated that nuclear power will remain important for a considerable time. The country's 48 reactors were all shut between 2011 and 2012. Five reactors have since resumed commercial operation, after meeting revised regulatory standards. As of November 2017, 12 other reactors at six sites had been approved for restart in 2018 or thereafter. In 2017, the Nuclear Regulation Authority also approved plans to decommission five reactors.

While Japan has introduced various measures to support renewable-energy use, the goal of a 22% to 24% renewable share for 2030 will be difficult to reach. Renewables made up around 15% of energy production in fiscal year 2016, compared to 10% before 3/11. The imminent deregulation of the power industry has driven companies to seek low-cost solutions, including coal-fired plants.

Japan has made great progress in terms of waste-water management in recent decades. Today the country has one of the world's highest-quality tap-water systems, for example. The use 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 Asian countries. While the country has in recent years taken a proactive stance under its National Biodiversity Strategy, the 2016 Annual Report found that the long-term decline of biodiversity was continuing.

Ministry of the Environment, Annual Report on the Environment in Japan 2017 (White Paper), https://www.env.go.jp/en/wpaper/2017/pdf/2017_all.pdf

Justin McCurry, Fukushima operator can restart nuclear reactors at world's biggest plant, The Guardian, 4 October 2017, <https://www.theguardian.com/environment/2017/oct/04/fukushima-operator-tepco-restart->

nuclear-reactors-kashiwazaki-kariwa

Eric Johnston, Balance of power: Shift toward renewable energy appears to be picking up steam, Japan Times, 14 October 2017, <https://www.japantimes.co.jp/news/2017/10/14/business/balance-power-shift-toward-renewable-energy-appears-picking-steam/>

Japan Nuclear Institute, Japan Nuclear Update: Japan's Ohi 3, 4 Clear to Restart, 30 November 2017, <https://www.nei.org/News-Media/News/Japan-Nuclear-Update>

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). In the 2015 energy outlook for 2030, Japan announced that it would slash its emissions by 26% in 2030 as compared to 2013 levels.

Japan supports the 2015 Paris Agreement on Climate Change and has adopted relevant measures, including the May 2016 Plan for Global Warming Countermeasures. The plan reconfirms the 26% reduction goal for 2030, which is at the lower end for OECD countries. In 2017, the Environment Ministry published a long-term low-carbon vision, setting a goal of reducing greenhouse-gas emissions by 80% by 2050. However, the document also notes divergent opinions on several policy directions. By 2050, more than 90% of the energy generated is expected to be derived from low-carbon power sources, including nuclear power .

Following up to its role as chair of the 2016 G-7 Summit, Japan hosted various meetings on “Climate Change and Fragility Implications on International Security” in 2017, and at the time of writing was preparing a report focusing on the Asia-Pacific region. With respect to multilaterally organized conservation issues, Japan is particularly known for its resistance to giving up whaling, which remains a high-profile and emotional issue. The country supports numerous international environmental-protection programs by contributing funds and making advanced technologies available.

Ministry of Foreign Affairs (Japan), Analysis and Proposal of Foreign Policies Regarding the Impact of Climate Change on Fragility in the Asia-Pacific Region – With focus on natural disasters in the Region, September 2017

Ministry of the Environment (Japan), Outline of Long-term Low-carbon Vision, Tentative translation, 201

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. Candidates running in local electoral districts for the Lower House or the Upper House have to pay a deposit of JPY 3 million (about €2,400, plus an additional deposit of JPY 6 million if also running on the party list). This deposit is returned if the candidate receives at least one-tenth of the valid votes cast in the 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.

Citation:

Leo Lin, The High Cost of Running for Office, Tokyo Review, 28 August 2017, <http://www.tokyoreview.net/2017/08/election-deposits-japan/>

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 2013, the Public Offices Election Law was revised; 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.

The expanded campaign-media options were actively used in the October 2017 Lower House elections, though actual patterns of behavior varied strongly between parties.

Citation:

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

2017 Lower House Election/Parties bet on the web to reach voters, The Japan News by the Yomiuri Shimbun, 16 October 2017, <http://the-japan-news.com/news/article/0004006308>

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. In 2015, the general voting age was lowered from 20 to 18.

One long-standing and controversial issue concerns the relative size of electoral districts. Rural districts contain far fewer voters than the more heavily populated urban areas. In June 2017, the Lower House electoral system was changed to reduce the maximum vote-weight disparity to 1.99 to 1, just under the 2:1 threshold set by the Supreme Court. The number of seats in the Lower House consequently dropped by 10 to a postwar low of 465 (289 constituency seats, 176 proportional-representation seats).

Vote-weight disparities have been more pronounced for the Upper House. In 2015, the parliament redrew electoral districts to lower the maximum disparity to 2.97:1. Critics said these changes were too modest, charging that the changes in fact served the vested interests of the LDP.

A 2016 law allows for voting in shopping malls and other places such as universities, with the aim of increasing electoral participation rates. Electoral registration procedures have been eased somewhat for similar reasons.

Citation:

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

Diet finally enacts electoral redistricting law to correct vote weight disparities in Japan, *The Japan Times*, 9 June 2017, <https://www.japantimes.co.jp/news/2017/06/09/national/politics-diplomacy/diet-finally-enacts-electoral-redistricting-law-correct-vote-weight-disparities-across-japan/>

1,021 to run in Japan's Lower House election on Oct. 22: poll, *Japan Times*, 29 September 2017, <https://www.japantimes.co.jp/news/2017/09/29/national/politics-diplomacy/poll-finds-1021-plan-run-lower-house-seats-oct-22-election/#.WINB9PCnGJA>

Party Financing
Score: 6

Infringements of the law governing political-party financing are common in Japan. 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 scandals became public during the period under review. For example, Hakubun Shimomura of the LDP, a former education minister, was reported to have received JPY 2 million (about €15,000) from private-school operator Kake Gakuen. While the law requires an amount of this quantity to be reported, the rule was bypassed by channeling the money through 11 different individuals attending a fundraiser.

It is disappointing that while individual cases are dealt with one way or another, no action to revise the laws has been taken despite the repeated recurrence of similar issues. This lack of action has undermined trust in the political process.

Citation:

Philip Brator, Fundraising loopholes, a political norm, The Japan Times, 15 July 2017, <https://www.japantimes.co.jp/news/2017/07/15/national/media-national/fundraising-loopholes-political-norm/>

Popular Decision-Making
Score: 3

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

At the national level, a National Referendum Law took effect in 2010. It was revised in 2014 to lower the minimum age for voting on constitutional amendments from 20 to 18, taking effect in 2018. According to the 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 two-thirds of the Diet members in both chambers. If this happens, voters are given the opportunity to vote on the proposal.

The Abe government seems ever more likely to call such a referendum for the first time in postwar history, supported by its successful defense of the governing coalition's two-thirds majority in the 2017 Lower House election. This means that practical questions are coming to the fore, as the process is in fact somewhat under-regulated, for instance with respect to the allowable range of political commercials.

Despite the legal strictures, nonbinding referendums have played an increasingly important role in Japan's regional politics 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

Tomoya Ishikawa, *Critics seek level playing field in referendum on Constitution*, *The Asahi Shimbun*, 22 June 2017, <http://www.asahi.com/ajw/articles/AJ201706220001.html>

Access to Information

Media Freedom
Score: 4

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 that infringes on the independence of the media. The NHK, the major public broadcasting service, has long enjoyed substantial freedom. However, the Abe-led government has pursued a more heavy-handed approach since 2013, highlighted by a number of controversial appointments of conservatives to senior management and supervisory positions.

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

As a result of the passage of the State Secrets Act, which came into effect in 2014, journalists and others charged with leaking relevant information now face jail sentences of up to five years. What exactly constitutes "state secrets" is left very much up to the discretion of the government agencies in question.

In recent years, Japan's ranking in the World Press Freedom Index has plummeted from 22nd place in 2013 to 72nd place in 2017. This is now the lowest rank among the G-7.

In a 2017 report to the United Nations Human Rights Council, a UN Special Rapporteur strongly criticized Japan for eroding media freedoms and stifling public debate on sensitive public issues. In a similarly strong response, the Japanese ambassador to the United Nations accused the report of inaccuracies.

In line with such accusations, former disaster reconstruction minister Masahiro Imamura broke off a press conference in April 2017 after unwelcome

questions about the treatment of Fukushima evacuees, yelling at a freelance journalist. After another gaffe, the minister resigned from his post.

Citation:

Hiroko Nakata, Japan stays 72nd on press freedom list but falls to last in G-7, *The Japan Times*, 27 April 2017, <https://www.japantimes.co.jp/news/2017/04/27/national/japan-stays-72nd-world-press-freedom-list-last-g-7/>

Justin McCurry, Japan accused of eroding press freedom by UN special rapporteur, *The Guardian*, 13 June 2017, <https://www.theguardian.com/world/2017/jun/13/japan-accused-of-eroding-press-freedom-by-un-special-rapporteur>

Griseldis Kirsch, Controlling the Media in Japan, 11 July 2016, *Ballots & Bullets*, School of Politics & IR, University of Nottingham, <http://nottspolitics.org/2016/07/11/controlling-the-media-in-japan/>

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 public broadcasting service, which rarely criticizes the status quo to any significant degree. The NHK director-general installed by the LDP-led government in 2013 has made it clear 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.

Generally speaking, the small group of conglomerates and major organizations dominating the media does not capture the pluralism of opinions in Japan. Regional newspapers and TV stations are not serious competitors.

However, new competition has emerged from international media, and particularly from interactive digital-media sources such as blogs, bulletin boards, e-magazines and social networks. Their use is spreading rapidly, while the circulation of traditional newspapers is in decline. The loss of public trust in the government and major media organizations may have intensified the move toward greater use of independent media channels, also opening some new potential for independent investigative journalism. Such channels tend to cater to their specific audiences, however. So while there is more pluralism, there is also a tendency toward increasingly one-sided interpretations of events. Among Japanese youths, right-wing internet channels have gained a considerable following.

Citation:

Alessia Cerantola, Investigative Journalism in Japan: Tough Times But Signs of Hope, *Global Investigative Journalism Network*, 6 July 2017, <https://gijn.org/2017/07/06/investigative-journalism-in-japan-tough-times-but-signs-of-hope/>

Access to
Government
Information
Score: 5

Japan's Act on Access to Information held by Administrative Organs came into effect in 2001, followed in 2002 by the Act on Access to Information held by Independent Administrative Agencies. The 2011 Public Records Act provides the basis for information access in Japan. In formal legal terms, Japan is among the leaders in terms of open-government information policies, according to the OECD's 2017 OURdata index.

Basic rights to access government information are thus in place; however, 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 a case highly publicized in 2017, the process through which a right-wing private school in Osaka, Moritomo Gakuen, had received public land came under scrutiny. The Ministry of Finance had designated almost all relevant files as requiring preservation for less than one year, and had accordingly destroyed them. Other cases also surfaced, illustrating the weakness of the existing regulations; one such matter, for instance, involved allegations that schools operator Kake Gakuen had received preferential treatment at the behest of the prime minister.

Since 2014, a controversial State Secrets Law has been effect, giving ministries and major agencies 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 10 years in prison, and even those trying to obtain secrets can be jailed for up to five years. 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.

In early 2017, one of these committees reported that various ministries have been scrapping documents related to state secrets before their declassification, using a loophole in the legislation.

Citation:

N. N. (Editorial), State secrets law needs strict monitoring, *The Mainichi*, 9 May 2016, <http://mainichi.jp/english/articles/20160509/p2a/00m/0na/013000c>

Lawrence Repeta, Backstory of Abe's Snap Election – the Secrets of Moritomo, Kake and the "Missing" Japan SDF Activity Logs, *The Asia-Pacific Journal/Japan Focus*, Vol. 15, Issue 20, No. 6, 15 October 2017
State Secrets being shredded under legal loophole in divisive 2014 law, *The Japan Times*, 4 May 2017, <https://www.japantimes.co.jp/news/2017/05/04/national/politics-diplomacy/state-secrets-shredded-legal-loophole-divisive-2014-law/>

OECD, *Government at a Glance 2017 Country Fact Sheet Japan*

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 supra- or international level. Unlike 35 other UN member states, Japan has not signed the so-called Optional Protocols to the International Covenant on Civil and Political Rights.

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. Under Prime Minister Shinzo Abe’s government, 21 executions had been carried out by the end of 2017. Prisoners are given only a few hours’ notice, and families are usually informed afterwards.

In 2017, parliament passed controversial anti-conspiracy/anti-terror legislation in preparation for the Tokyo Olympics in 2020. Critics say these rules threaten to undermine civil liberties, as police powers have been expanded, and courts are traditionally reluctant to interfere.

Citation:
United Nations Human Rights, Japan Webpage,
<http://www.ohchr.org/EN/countries/AsiaRegion/Pages/JPIndex.aspx>
Justin McCurry, Japan passes ‘brutal’ counter-terror law despite fears over civil liberties, The Guardian, 15 June 2017, <https://www.theguardian.com/world/2017/jun/15/japan-passes-brutal-new-terror-law-which-opponents-fear-will-quash-freedoms>
Japan hangs two death row inmates, including man who killed Chiba family as a minor, Japan Times, 19 December 2017, <https://www.japantimes.co.jp/news/2017/12/19/national/crime-legal/japan-hangs-triple-murderer-man-minor-killed-chiba-family-four/#.WINHgvCnGJA>

Political Liberties
Score: 9

The freedoms of speech, the press, 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.

That are concerns that the new 2017 anti-conspiracy laws, passed in preparation for the 2020 Tokyo Olympics, could undermine political liberties. Under these rules, “words,” rather than simply “deeds,” can be grounds for prosecution.

There is also concern that right-wing activism, including so-called hate speech, is on the rise, and that this might actually be supported by ruling politicians. Some senior LDP politicians have been linked to ultra-right-wing groups.

Civil society movements have had varying effect. A group called the Student Emergency Action for Liberal Democracy (SEALDs) organized several high-profile mass rallies against the government's assertive foreign-security policy before disbanding temporarily after the 2016 Upper House elections. While the success of such movements has as yet been 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>

Tomohiro Osaki, SEALDs leaves door open for future activities, 16 August 2016, <http://www.japantimes.co.jp/news/2016/08/16/national/politics-diplomacy/sealds-leaves-door-open-future-activities/>

Michael Hoffman, Is Japan slipping into prewar politics?, *The Japan Times*, 3 June 2017, <https://www.japantimes.co.jp/news/2017/06/03/national/media-national/japan-slipping-prewar-politics/>

Non-discrimination
Score: 5

Women still face some discrimination, particularly in the labor market. Women's average salaries remain 27% below those of their male colleagues (based on 2016 data). The country's share of female parliamentarians – 9% according to World Bank data for 2017 – is low by the standards of other advanced countries. Prime Minister Abe has called women “Japan's most underused resource,” and the government has designated “womenomics” as a key pillar of its reform program. Programs being implemented under this rubric include child care support and similar measures, and according to pledges made in the 2017 general election, a portion of the proceeds from the planned 2019 consumption-tax increase will be used for this purpose. Still, given the persistent undercurrent of sexism in Japanese society, de facto workplace discrimination will be hard to overcome.

The 3 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. Workers from the Philippines, the Middle East and elsewhere frequently complain of mistreatment and abuses. According to a 2016 – 2017 Ministry of Justice survey, one in three foreigners have experienced discrimination in the form of derogatory remarks, housing discrimination or similar such behavior.

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. Asylum status is still rarely granted – only 28 asylum-seekers were recognized in 2016 – despite the rising number of applications (around 17,000 in 2017).

Akiko Fujita and Afifah Darke, As Abe injects fresh fiscal stimulus, how is Japan's 'womenomics' faring?, CNBC News, 3 August 2016, <http://www.cnbc.com/2016/08/03/as-abe-injects-fresh-fiscal-stimulus-how-is-japans-womenomics-faring.html>

Daniel Hirst, Japan racism survey reveals one in three foreigners experience discrimination, The Guardian, 31 March 2017, <https://www.theguardian.com/world/2017/mar/31/japan-racism-survey-reveals-one-in-three-foreigners-experience-discrimination>

Japan to limit work permits for asylum-seekers from 2018, Japan Times, 27 December 2017, <https://www.japantimes.co.jp/news/2017/12/27/national/crime-legal/japan-limit-work-permits-asylum-seekers-2018/#.WINKgvCnGJA>

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 discretionary decisions by 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 the rule of law itself does not play a major role in Japan. Following strict principles without accounting for changing circumstances and conditions would be seen as naïve and nonsensical. Rather, a balancing of societal interests is seen as demanding a pragmatic interpretation of the law and regulations. Laws, in this generally held view, are supposed to serve the common good, and are not meant as immutable 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 significant importance. Some critics have lamented a lack of transparency in Supreme Court actions; moreover, 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 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 conventional view is that courts tend to treat government decisions quite leniently, although recent evidence is more mixed. In 2017, the Supreme Court ruled that the use of GPS signals to locate a suspect or his belongings requires a warrant; the case, on which lower courts were divided, had involved police in Osaka doing so without a warrant. On the other hand, in 2016 the Supreme Court let a lower court ruling stand according to which Muslims can be surveilled because of their religion.

Citation:

Law Library of Congress (USA), Japan: Supreme Court Rules GPS-Based Investigation Requires Warrant, *Global Legal Monitor*, 21 March 2017, <http://www.loc.gov/law/foreign-news/article/japan-supreme-court-rules-gps-based-investigation-requires-warrant/>

Matt Payton, Japan's top court has approved blanket surveillance of the country's Muslims, *The Independent*, 29 June 2016, <http://www.independent.co.uk/news/world/asia/muslims-japan-government-surveillance-top-court-green-lit-islamaphobia-a7109761.html>

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 the Lower House elections following their appointment, and to a second review after 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 all of postwar history, no justice has ever been removed through public vote. 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.

Citation:

Supreme court justice national review looms on same day as Oct. 22 general election, *The Mainichi*, 16 October 2017, <https://mainichi.jp/english/articles/20171016/p2a/00m/0na/002000c>

Corruption
Prevention
Score: 5

In recent decades, corruption and bribery scandals have emerged frequently 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).

However, financial and office-abuse scandals involving bureaucrats have 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. A new criminal-justice plea-bargaining system, slated for implementation in June 2018, will create additional pressure on companies to comply with anti-corruption laws.

In the past, the country has had a reputation for weak enforcement with respect to anti-bribery enforcement abroad, an issue relevant for Japan’s multinational companies. The OECD urged Japan in 2016 to step up its efforts, and the government has promised to take a stiffer line, with the Ministry of Economy, Trade and Industry (METI) also issuing warnings to companies. In 2017, Japan decided to join the UN Convention against Transnational Crime and the UN Convention against Corruption, which have respectively existed since 2000 and 2005.

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.

Citation:

UNODC Chief welcomes Japan’s decision to join crime and corruption conventions, United Nations Office on Drugs and Crime, 12 July 2017, <https://www.unodc.org/unodc/en/press/releases/2017/July/unodc-chief-welcomes-japans-decision-to-join-crime-and-corruption-conventions.html>

Nagashima Ohno and Tsunematsu, New plea-bargaining system: a new compliance risk for companies with operations in Japan?, Lexology, 10 April 2017, <https://www.lexology.com/library/detail.aspx?g=fadf53ad-decf-45fa-9d66-e4f4cea9e19f>

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 6

Under the central-government reform implemented by the Koizumi government in 2001, the role of lead institutions was considerably strengthened. The unit officially in charge of “policy planning and comprehensive policy coordination on crucial and specific issues in the cabinet” is the Cabinet Office (Naikaku-fu), which assists the prime minister and his cabinet. It is supported by a well-staffed Cabinet Secretariat (Naikaku-kanbō). The Cabinet Office also coordinates a number of policy councils including the Council on Economic and Fiscal Policy. While there is a certain amount of overlap between councils concerning strategic issues, and thus the danger of fuzzy demarcations of responsibility, the councils have at least contributed to informing the governmental and public discourses in a constructive manner. While individual line ministries have strategic-planning units staffed with mid-ranking officials, their actual influence on long-term planning seems to be limited compared to the clout of bureau chiefs and more senior officials such as administrative vice-ministers. Policy-planning units tend to have very few staff members.

Citation:

Kotaro Tsuru, Where Has the Growth Strategy Gone? Working style reform is the way to go, Article translated by RIETI from Nihon Keizai Shimbun of November 10, 2015, 10 February 2016, <http://www.rieti.go.jp/en/papers/contribution/tsuru/30.html>

N. N., Abe seeks to undermine tripartite system in labor policymaking process, Japan Press Weekly, 8 August 2016, <http://www.japan-press.co.jp/modules/news/index.php?id=9838>

Scholarly Advice
Score: 6

The Japanese government is assisted by a large number of advisory councils. These are traditionally associated with particular ministries and agencies, with some cross-cutting councils chaired by the prime minister. Such councils are usually composed of private sector representatives, academics, journalists, former civil servants and trade unionists. The question is whether advisory boards truly impact policymaking or whether the executive simply uses them to

legitimize preconceived policy plans. The answer may well vary from case to case. In some instances, LDP-led governments have used outside expertise to overcome opposition to policy changes and reform. Think tanks, most of which operate on a for-profit basis, play only a limited role in terms of 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

Sebastian Maslow, Knowledge Regimes in Post-Developmental States: Assessing the Role of Think Tanks in Japan's Policymaking Process, forthcoming in *Pacific Affairs* 91 (2018), 1.

Interministerial Coordination

GO Expertise
Score: 7

The Cabinet Secretariat has 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).

Citation:

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

Markus Winter, Abe and the Bureaucracy: Tightening the Reins, *The Diplomat*, 16 June 2016, <http://thediplomat.com/2016/06/abe-and-the-bureacracy-tightening-the-reins/>

GO Gatekeeping
Score: 7

Present guidelines for policy coordination make the Cabinet Office 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 practice, however, this rarely happens, as items reaching the cabinet stage are typically those on which consensus has been established. However, contentious policy issues can produce intercoalition conflicts even at the cabinet level.

Formal input into lawmaking 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. 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. The lack of minutes for some key 2015 meetings raised the question of whether the Cabinet Legislation Bureau had become politicized and thus less independent under Prime Minister Abe.

Citation:

N. N., Cabinet Legislation Bureau chief defends self over process of reinterpreting Article 9, *The Mainichi*, 17 March 2016

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: 8

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.

Under the LDP-led government in power since December 2012, Prime Minister Abe has tried successfully 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 Cabinet Office, with the ministries either following this course or trying to drag their feet. Abe's main instrument is the Cabinet Bureau of Personnel Affairs, which grants control over more than 600 appointments, or as many as half a dozen political appointees per ministry.

Still, ministries can try to regain former clout over their areas. For example, the METI industry ministry has become somewhat more assertive again in trying to influence industry, through still guided by the priorities of Abenomics.

Citation:

Leo Lewis and Kana Inagaki, Japan Inc.: Heavy meddling, *The Financial Times*, 15 March 2016, <https://www.ft.com/content/0118e3a6-ea99-11e5-bb79-2303682345c8>

Cabinet
Committees
Score: 6

Government committees exist 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, this has never been 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 – are included. This can increase the impact of such councils, but it also means they are somewhat detached from political processes.

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 discussions of basic budget guidelines.

There are currently four councils operating directly under the Cabinet Office, including CEFPP and the Council for Science, Technology and Innovation.

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.

The structure is becoming ever more complex and could lead to confusion. For instance, under the Headquarters mentioned above, the Japan Revitalization Strategy 2016 foresees creation of a "Public-Private Council for the Fourth Industrial Revolution."

Citation:

Cabinet Office, Japan 2016 Revitalization Strategy, Provisional Translation, www.kantei.go.jp/jp/singi/keizaisaisei/pdf/2016_hombun1_e.pdf

Ministerial
Bureaucracy
Score: 7

The LDP-led government has worked more effectively with the bureaucracy than did the previous governments led by the Democratic Party of Japan (2009-2012). In 2014, the government introduced a Cabinet Bureau of Personnel Affairs, which is supposed to help the prime minister make appointment decisions regarding the 600 elite bureaucrats staffing the ministries and other major agencies. This significantly expanded the Cabinet Office's involvement in the process and its influence over the ministerial bureaucracy, including the personal influence of Chief Cabinet Secretary Yoshihide Suga, who has been in office since 2012. There are more political appointees in the ministries than before, and as Abe has been prime minister since 2012, the average stay of such appointees has become longer, giving them more expertise and clout within their ministries.

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.

Informal, closed-door agreements on policy are again of considerable importance. The leadership has to navigate skillfully between the coalition partners, line ministries and their bureaucrats, and a more inquisitive public. The Chief Cabinet Secretary is a key actor in this regard. There is some evidence that cabinet meetings are essentially formalities, with sensitive issues informally discussed and decided beforehand. Ministries collect and make public few, if

any, records of meetings between politicians and bureaucrats as they are supposed to do under the 2008 Basic Act of Reform of the National Civil Servant System.

The general trend toward greater transparency may have even strengthened the role of informality in order to avoid awkward situations. In a recent scandal involving Kake Gakuen, a schools operator, it emerged that the demarcation between official and informal documents was not clear-cut, allowing the government to sidestep formal procedures.

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/>

N. N., None of Japan's 11 ministries kept records of contact between bureaucrats, politicians, The Mainichi, 24 February 2016, <http://mainichi.jp/english/articles/20160224/p2a/00m/0na/007000c>

N. N. Cabinet staff kept records of contact between legislators, bureaucrats 'voluntarily,' The Mainichi, 25 February 2016, <http://mainichi.jp/english/articles/20160225/p2a/00m/0na/014000c>

Enhancing government accountability (Editorial), The Japan Times, 13 August 2017, <https://www.japantimes.co.jp/opinion/2017/08/13/editorials/enhancing-government-accountability/>

Evidence-based Instruments

RIA Application
Score: 8

The basic framework for policy evaluation in Japan is the Government Policy Evaluations Act of 2001.

The process is administered by the Ministry of Internal Affairs and Communications (MIC, 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.

Between 2008 and 2016, Japan engaged in six government-expenditure reviews. This is above the OECD average for such processes, though the scope of these reviews was unclear.

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

Citation:

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
OECD, Government at a Glance 2017 Country Fact Sheet Japan

Quality of RIA
Process
Score: 7

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.

Critics have argued that many officials regard RIA as a bothersome disturbance, and lack strong incentives to take it seriously. Having RIA run by a line ministry, the MIC, instead of a powerful independent agency, does not seem to be very effective.

According to recent data, Japan scores considerably below the OECD average with regard to RIA implementation, particularly in the areas of oversight and quality control.

Citation:

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

Naohiro Yashiro, Regulatory Coherence: The Case of Japan, ERIA Discussion Paper 2016-16, March 2016, http://www.eria.org/publications/discussion_papers/DP2016-16.html

Nikolai Malyshev, Regulatory Impact Assessment: State of Play in OECD Countries, Paper for the KDI-OECD Seminar on Improving Regulatory Governance: trends, practices and the way forward, 6 September 2017

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, with few rigorous quantitative assessments. 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)

Negotiating
Public Support
Score: 6

Societal Consultation

LDP-led governments have traditionally engaged in societal consultation through the so-called iron triangle, that is, the dense links between parliamentarians, the ministerial bureaucracy and large companies. However, these mechanisms tended to exclude other societal actors, including trade unions and small and medium-sized enterprises. 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 at 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 has consequently gained some influence over policy matters that relate to the organization's interests. This has been particularly evident during the ongoing debate over constitutional reform. The LDP is in favor of this reform, while Soka Gakkai and Komeito have a pacifist background, and have sought to slow down any major initiative. Abe enjoys the support of the conservative Nippon Kaigi lobby group, but its influence is difficult to substantiate and is possibly overrated in sensationalist media reports.

It is frequently argued that business has considerable influence on government decision-making in Japan. Substantiating such claims is difficult as there is a lack of transparent rules governing lobbying. 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. One traditional mechanism of bureaucracy-business alignment, the "amakudari" system of providing retiring bureaucrats with lucrative jobs, has been suppressed since the 2008 reform to the National Civil Service Law. A 2017 scandal involving the Education Ministry (MEXT), which had still run a camouflaged amakudari system, and in whose wake 43 ministry officials including the vice-minister were dismissed, shows that this mechanism has indeed outlived its time.

Citation:

Grant Newsham, Japan's conservative Nippon Kaigi lobby: Worth worrying about?, Asia Times, 19 July 2016, <http://www.atimes.com/article/japans-conservative-nippon-kaigi-lobby-worth-worrying-about/>

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>

Yumiko Yokota, Ending "Amakudari" Descent from Heaven at Last?, <http://www.nippon.com/en/currents/d00317/>

Policy Communication

Coherent
Communication
Score: 6

Policy communication has always been a priority for Japanese governments. Ministries and other governmental agencies have long published 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. According to the Edelman Trust Barometer, trust levels in Japan with respect to the government have recovered somewhat, but according to Edelman 2017, the share of people reporting distrust is (still) high in Japan compared to other countries, and has indeed even risen by two percentage points since 2016.

Even within the ruling LDP, there is sometimes dissatisfaction with the government. LDP leaders occasionally make policy statements that are not fully in line with party positions, with one recent example involving discussion of what a change to the so-called peace clause of the constitution might involve.

The LDP-led coalition has pushed through its policy priorities more assertively than earlier governments, while giving less consideration to dissenting opinions. However, the confirmation of its two-thirds majority in the Lower House snap elections of October 2017 reflected the electorate's dissatisfaction with the opposition rather than approval of the LDP's policies, particularly on the issue of constitutional change.

Citation:

Edelman, 2017 Edelman Trust Barometer – Japan, Slide presentation, 21 March 2017, <https://de.slideshare.net/EdelmanAPAC/2017-edelman-trust-barometer-japan-73399853>

Werner Pascha, Overcoming Economic Weakness in Japan and the EU: The Role of Political Entrepreneurship and the Political Economy of Reforms, in: Jan van der Harst and Tjalling Halbertsma (eds.) *China, East Asia and the European Union. Strong Economics, Weak Politics?*, Leiden: Brill 2016, pp. 15-33

Abe's remarks on constitutional revisions inconsistent with LDP's intraparty talks, *The Mainichi*, 9 May 2017, <https://mainichi.jp/english/articles/20170509/p2a/00m/0na/021000c>

Implementation

Government
Efficiency
Score: 6

In mid-2017, Abe announced that the government would use a portion of the proceeds of the planned 2019 consumption-tax increase for the purposes of free education and improved child care, rather than for public-debt reductions as

initially planned. This will make it impossible to reach the original target of a balanced primary budget in 2020. With regard to restarting nuclear-power plants, a key element of the current energy policy, the government is nowhere as close as it wanted to be.

Abe may want to use the momentum gained through his coalition's retention of two-thirds majorities in both legislative houses in the October 2017 snap election to move the process of constitutional reform ahead. However, as the population is very divided on the issue, and the LDP's coalition partner Komeito is not in full agreement, the concrete agenda on this issue was unclear as of the time of writing.

In terms of international relations, regional tensions have relaxed somewhat since 2016, as evidenced by an increasing number of high-level meetings. The Abe government has skillfully developed good relations with U.S. President Trump, but has also had to adjust to some disadvantageous U.S. policy moves such as the United States' departure from the Trans-Pacific Partnership agreement.

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>

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 Cabinet Secretariat attached to the Cabinet Office and to the Council for Economic and Fiscal Policy, a cabinet committee in which the prime minister has a stronger voice. Other measures include a stronger role in top-level personnel decisions, aided by the formal introduction of the Cabinet Bureau of Personnel Affairs in 2014. Such institutional measures have proved quite successful.

Monitoring
Ministries
Score: 6

Generally speaking, the Cabinet Secretariat, 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 secretariat has been hindered in the past by the fact that the ministries send specialists from their own staff to serve as secretariat employees. It de facto lacks the ability to survey all activities at all times, but the current, long-serving

Monitoring
Agencies,
Bureaucracies
Score: 7

chief cabinet secretary is considered a decisive power in the enforcement of government-office positions.

Japanese ministries are traditionally run by civil servants who work in a single ministry throughout their 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: 6

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. Pressures to reduce expenditures have increased, as local budgets are increasingly tight 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). This reform proposal is highly controversial, however. Since 2014 – 2015, special economic zones (tokku) where national regulations are eased and regional vitalization special zones serve as field experiments for improved policymaking. 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>

Promoting local autonomy, The Japan Times, 9 January 2017, <https://www.japantimes.co.jp/opinion/2017/01/09/editorials/promoting-local-autonomy/>

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). There are no indications that the current government will seek to turn this controversial idea into practice.

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 a 2000 reform abolished local entities' agency functions in a strict sense (that is, direct administrative supervision has lost some importance compared to legal and judicial supervision), other channels have remained important. At the local and particularly the prefectural level, there is an elaborate training system that is linked in various ways to national-level standards. The government seeks to promote evidence-based policymaking through new data platforms, which are also meant to support local governments in the implementation of plan-do-check-adjust (PDCA) cycles.

A unified digital "My Number Card" system (based on 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 opposition and foot-dragging by citizens, however, and experienced some technical problems in 2017.

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/>

A year into the new system, Japan's My Number ID cards are not catching on, 4 January 2017, <https://www.japantimes.co.jp/news/2017/01/04/national/year-new-system-japans-number-id-cards-not-catching/>

Cabinet Office, Basic Policy on Economic and Fiscal Management and Reform 2017 – Increasing productivity through investment in human resources, Overview, 9 June 2017

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, it is often doubtful whether substantial reform is truly enacted or whether Japan follows international standards in only a formal sense, with underlying informal institutional mechanisms changing much more slowly.

International
Coordination
Score: 7

Japan is actively involved in G-7 and G-20 mechanisms. However, the country has a lower profile in international and global settings than might be expected in view of its global economic standing. Since Abe's election in 2012, there has been greater 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. As a result of Japan's five-year participation in a UN peacekeeping mission in South Sudan (which ended in 2017), the government has flexibly expanded various procedures stopping just short of active military engagement, such as providing ammunition to endangered military units from partner countries.

In 2015, despite considerable public opposition, new security laws were passed that allow military intervention overseas in defense of (somewhat vaguely defined) allies. The same year, Japan and the United States overhauled their Mutual Defense Guidelines to allow for deeper cooperation, emphasizing the global nature of the bilateral alliance.

Japan has actively supported and contributed to regional initiatives. In recent years, China has emerged as an increasingly influential actor shaping regional initiatives such as the Asian Infrastructure Investment Bank (AIIB). While Japan has not yet joined this organization, signs emerged in 2017 that this decision could be reversed in the near future. In 2015 – 2016, responding to China's Belt and Road Initiative, Japan started a Partnership for Quality Infrastructure, which is slated to spend \$200 billion globally by the end of 2020.

Japan has not played a leading role in global environmental-policy efforts, particularly in the post-Kyoto Protocol negotiations.

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>
 Tridivesh Singh Maini, Japan's Effort to Counter China's Silk Road, *The Globalist*, 6 April 2016, <http://www.theglobalist.com/japan-effort-to-counter-china-silk-road-india/>
 Michael Bosack, What did Japan Learn in South Sudan?, *The Diplomat*, 10 June 2017, <https://thediplomat.com/2017/06/what-did-japan-learn-in-south-sudan/>

Organizational Reform

Self-monitoring
Score: 7

Institutional reform of the executive has been a major topic in Japan for more than a decade. For its part, the post-2012 LDP-led government under Prime Minister Abe has sought to readjust institutional arrangements by establishing and/or reinvigorating a number of councils and committees. To some extent, the Abe government has sought to bring back the strong leadership framework that characterized the government under Prime Minister Koizumi (2001-2006), for instance through a strong Cabinet Office.

Institutional
Reform
Score: 7

The failure of the reform initiatives led by the pre-Abe DPJ governments demonstrated the difficulties of trying to transplant elements from a different political system (in this case, Westminster-style cabinet-centered policymaking) into a political environment with a tradition of parallel party-centered policy deliberation. 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 has been the most important factor or whether the strong majority in both houses of parliament, paired with opposing political parties' weakness, has been 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 government's economic-reform agenda decisively forward, particularly in fields such as labor-market reform, suggest that the Abe-led government too has struggled to overcome resistance to change in a number of policy areas.

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 7

There is a substantial amount of information about policies 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, this does not necessarily mean that citizens feel satisfied with the information available or consider it trustworthy. According to the Edelman Trust Barometer, trust in government reached a low point after the 3/11 disasters. It has recovered somewhat since, but in 2017 stood at only 37%, more than 10 points lower than in pre-disaster 2011, and two points lower than in 2016.

Citation:

Edelman, 2017 Edelman Trust Barometer – Japan, Slide show, 21 March 2017, <https://de.slideshare.net/EdelmanAPAC/2017-edelman-trust-barometer-japan-73399853>

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 €147,000). However, in many cases these secretaries are primarily used for the purposes of representation at home and in Tokyo. Both houses of parliament 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 around 160 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 and Legislative Reference Bureau with over 190 staff members whose tasks include research and reference services based on requests by policymakers and on topics of more general interest such as decentralization. For such research projects, the library research staff collaborates with Japanese and foreign scholars.

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

Junko Hirose, Enhancing our Role as the "Brains of the Legislature": Comprehensive and Interdisciplinary Research at the National Diet Library, Japan, paper for the IFLA Library and Research Services for Parliaments Section Preconference 2014, http://www.ifla.org/files/assets/services-for-parliaments/preconference/2014/hirose_japan_paper.pdf

Obtaining Documents Score: 9	<p>Government documents can be obtained at the discretion of legislative committees. There are typically no problems in obtaining such papers in a timely manner.</p>
Summoning Ministers Score: 9	<p>Committees may request the attendance of the prime minister, ministers and lower-ranking top ministry personnel, such as senior vice-ministers, among others.</p>
Summoning Experts Score: 7	<p>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.</p>
Task Area Congruence Score: 9	<p>The Diet's standing committees (17 in both chambers) 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 nine such committees, for example, on regional revitalization.</p>
Audit Office Score: 5	<p>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. The board is also able to present opinions, reports and recommendations in between its regular annual audit reports. In these reports, the board frequently criticizes improper expenditures or inefficiencies, fulfilling its independent watchdog function.</p> <p>Citation: Colin Jones, Japan's Board of Audit: unlikely guardians of the Constitution?, The Japan Times, 4 December 2016, https://www.japantimes.co.jp/community/2016/12/04/issues/japans-board-audit-unlikely-guardians-constitution/</p> <p>Reiji Yoshida, Audit finds no grounds for massive discount in Osaka land sale involving Abe-linked school operator, Japan Times, 22 November 2017, https://www.japantimes.co.jp/news/2017/11/22/national/politics-diplomacy/audit-finds-no-grounds-highly-discounted-osaka-land-sale-abe-linked-school-operator/</p>
Ombuds Office Score: 5	<p>While there is no national-level (parliamentary) ombuds office as such, both houses of parliament handle petitions received through their committees on audit and administrative oversight. Citizens and organized groups also frequently submit petitions to individual parliamentarians.</p>

An important petition mechanism is located in the Administrative Evaluation Bureau of the Ministry of Internal Affairs and Communications. 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: 6

The Japanese media system is dominated by five major TV networks, including public broadcaster NHK, as well as a handful of major national newspapers. These publications are widely read, though their circulation is declining, and provide information in a sober style. However, because of their close personal links to political figures, which finds its institutionalized expression in the journalist club system, these newspapers rarely expose major scandals. Nonetheless, their editorials can be quite critical of government policy. Investigative journalism is typically undertaken by weekly or monthly publications. While some of these are of high quality, others are more sensationalist in character. Another source for exposing scandals is the international press.

The 3/11 disaster undermined public trust in leading media organizations. 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, have further reduced faith in the established media. The government's assertive approach, which is also evident in other media areas, may result in relatively low-quality information in major media channels. A UN Human Rights Council report strongly criticized the government's approach to the media in 2017.

In part as a reflection of these trends, new social media such as YouTube, Line, Twitter and Facebook, along with the news channels based on them, have gained a considerable following. This also holds true for new online publications such as BuzzFeed Japan and Huffington Post. However, their impact on the overall quality of information is unclear.

Citation:

Tomohiro Osaki, Academics, TV journalists slam minister's threat against 'biased' programming, fear media self-censorship, The Japan Times, 2 March 2016, <http://www.japantimes.co.jp/news/2016/03/02/national/tv-journalists-slam-ministers-threat-biased-programs-fear-media-self-censorship/>

Philip Brator, Sticky bonds of the media and government, The Japan Times, 24 June 2017, <https://www.japantimes.co.jp/news/2017/06/24/national/media-national/sticky-bonds-media-government/>

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 networks.

Japan's strongest party is the LDP (holding 61% of Lower House seats after the October 2017 snap election). Despite a number of fairly stable smaller parties such as Komeito (LDP's coalition partner, with 6% of Lower House seats) or the Communist Party (3%), no stable second major party currently exists. While the Democratic Party (DP) once seemed a possible contender, it suffered a major, possibly fatal, blow before the snap election in 2017, when many of its Lower House members regrouped as the Constitutional Democratic Party (CDP, 12%), with an agenda of not changing the existing constitution, while others entered the newly formed conservative Party of Hope (11%). Japan's majoritarian mixed electoral system for the Lower House is likely to spur a future reamalgamation of some of the opposition parties.

The LDP has traditionally revolved around individual politicians, their personal local-level support organizations and the intraparty factions built by key party leaders. Especially in the LDP, there are many "hereditary politicians" whose families have operated from the same local constituency for generations. Local party chapters may play decisive roles in choosing a parliamentary candidate if there is no "natural" successor to the former incumbent. Ordinary party-member involvement is usually limited to membership in a local-level support organization for a politician and is mainly (but not solely) based on mutual material interests: While members want tangible support for their communities, politicians want secure "vote banks" for (re-)election.

The LDP has become more centralized in recent years, with the influence of factions declining. Party congresses offer little real opportunity for policy input by delegates. However, delegates from regional party branches have participated in party leader elections 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.

Party politics before and after the 2017 snap election for the Lower House showed that major strategic decisions in some of the newer opposition parties are made more or less autonomously by individual party leaders. For instance, Party of Hope leader Yuriko Koike, the governor of Tokyo, surprised party colleagues and supporters by first deciding not to stand as a candidate in the 2017 snap election, and then by resigning as party head after the disappointing election results.

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/>

Aurelia George Mulgan, Where is Japan's party system headed?, East Asia Forum, 10 October 2017, <http://www.eastasiaforum.org/2017/10/10/where-is-japans-party-system-headed/>

Reiji Yoshida, Koike's latest dramatic exit expected to damage her reputation and Kibo no To further, Japan Times, 15 November 2017, <https://www.japantimes.co.jp/news/2017/11/15/national/politics-diplomacy/koikes-latest-dramatic-exit-expected-damage-reputation-kibo-no/>

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, 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, try to impact policy by publishing policy papers and through their participation 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. The Non-Profit Organization Law of 1998 made the incorporation of such associations 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 has only few well-resourced public-policy-oriented think tanks. 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, but has since disbanded.

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/>

N. N., After creating new waves in Japan's civil movement, SEALDs dissolved, The Mainichi, 15 August 2016, <http://mainichi.jp/english/articles/20160815/p2a/00m/0na/025000c>

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