

**SGI** Sustainable  
Governance  
Indicators

## 2014 Japan Report

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## Executive Summary

Japanese politics continued to experience considerable turbulence in 2011 and 2012. Short-lived cabinets remained the rule. Prime Minister Naoto Kan was in office from June 2010 to September 2011, and Yoshihiko Noda from September 2011 to December 2012. Kan and Noda, both from the Democratic Party of Japan (DPJ), were also handicapped by a so-called twisted Diet, a term for diverging majorities in the two houses of parliament. For his part, Liberal Democratic Party (LDP) Prime Minister Shinzo Abe, who took office in December 2012, faced the prospect of an upper-house election in July 2013, very soon after his assumption of power.

In terms of policy performance, little was achieved during the period under review. The government was unable to find a way out of the country's low-growth economic environment. The 11 March 2011 earthquake, tsunami and nuclear disaster (widely referred to as 3/11) created a huge burden for the government, rendering plans for a mid-term fiscal consolidation impossible to achieve. Lacking a majority in the second chamber of parliament, and with public debt swelling to well over 200% of GDP, the DPJ-led government was unable to realize most of its ambitious social policy initiatives.

Two achievements in policy decision-making stand out during the period under review. First, a bipartisan agreement was reached to raise the consumption tax in two steps to 10% by 2015. While insufficient in itself to solve the country's fiscal problems, this was a politically courageous (if long overdue) step. The second major proactive policy move was the new LDP government's monetary easing and additional deficit-spending offensive, pursued in conjunction with the Bank of Japan. Evaluations of the likely consequences of this unprecedented policy gamble ("Abenomics") differ. It entails enormous risks, including the prospects of unpredictable and uncontrollable effects on inflation and bond prices, a strong devaluation and potential currency war, and a further deterioration in conditions for the poor as a result of rising import prices. Over the long term, the policy can only be successful if followed by serious structural reforms. Positive short-term effects included a significant rise in

stock values. However, it is certainly remarkable that, at least in terms of macroeconomic policy, the new Japanese government opted for boldness rather than pursuing the usual path of tinkering with existing policies.

With respect to the quality of democracy in Japan, it is noteworthy that courts and the major media remain of only limited effectiveness in terms of providing checks on the government. That said, higher courts have become somewhat more restless, as for instance when ruling on the lack of electoral-reform progress. In addition, following the catastrophes of 3/11, social media and the indirect influence of international media put some pressure on the domestic media to adjust. Nevertheless, real change has yet to arrive.

The legislature too lacks the ability to effectively oversee or even to initiate initiatives vis-à-vis the government. On the other hand, the last few years have shown that the lack of a government majority in the second chamber of parliament can lead to policy gridlock.

In terms of institutional reform measures, the DPJ-led governments of recent years have largely failed to enhance the strategic capacity of the Cabinet. DPJ-led cabinets in 2009 and 2010 tried to centralize power within the core executive, but these moves met with considerable resistance from within the DPJ, while alienating bureaucrats. Later cabinets thus backpedaled in an attempt to restore both ruling-party unity and government effectiveness. The new LDP-led government also sought to lead from the center, but tensions between cabinet-level and line ministries and their constituencies became visible even during the first months of the new government.

## Key Challenges

During the postwar period, Japan developed into one of the strongest economies in the world, the first country in Asia to achieve such a highly successful development path. Japan today has achieved a high standard of living and safe living conditions for almost 130 million people. Despite major problems such as a rapidly aging population and an inefficient integration of women and immigrants into its workforce, it has remained one of the top-performing economies in the world. In that sense, referring to the period since the 1990s as “lost decades” in fact undervalues the achievements of Japan’s political and economic system in sustaining a competitive, safe and exciting nation.

Notably, however, working households' disposable incomes have risen little in the course of recent years, arrested by continuing deflationary trends. Additionally, a new precariat has emerged. With the rising incidence of part-time and contract work, one-sixth of Japan's population, including one-fifth of pensioners, lives in relative poverty in a country that was once hailed as the epitome of equitable growth.

Japanese governments – of whatever party composition – have been torn between seeking to give the economy new momentum and consolidating the country's battered public finances. The new LDP-led government, which took office in December 2012, has reoriented macroeconomic policy in a bold but extremely risky fashion, doubling the monetary base within two years and engaging in another round of expansionary fiscal policy. This has raised the indebtedness of the state, already well beyond 200% of GDP, even further.

Judging from various statements, the government seems aware that its short-term expansionary measures must be followed by serious structural reforms. Among these, protected sectors such as agriculture should be deregulated, a more liberal labor-market regime (in part making layoffs easier) should be established, well-educated women should be given greater support in the workforce, immigration policy should be made more liberal, and social policy should be reformed so as to better focus on combating hardships.

The win by the ruling LDP and its coalition partners in the 2013 upper-house election provides the current government with both an opportunity and a challenge. It may give the government the necessary leverage in parliament to push through reforms, but may also strengthen the position of vested interests that oppose any disruption of a comfortable status quo. It will be important for the central cabinet-level leadership to stay firm with respect to the so-called third arrow of the policy package initiated in early 2013 – namely, reforms. In this respect, it will be important to seek and strengthen alliances with interest groups supporting the reform movement. This may include Japan's globally oriented business sector, which has little interest in seeing its home market further weakened, as well as heavyweight executive actors such as the Ministry of Finance, which has always supported prudent fiscal and economic policies. Leadership from the top will be needed to overcome reform opposition even within the Cabinet.

It would be extremely helpful if courts and the media, including social media and civil movements, strengthened their underdeveloped monitoring and oversight functions. Parliament has not to date provided effective checks and

balances with respect to the government. Raising the quantity of support staff provided to a level enabling parliamentarians to develop alternative legislative initiatives could help to ameliorate the situation.

One alternative way out of Japan's conundrum could be to abandon the search for overarching country-level solutions, and instead allow for policy experiments on various levels. Fiscal decentralization, the provision of greater autonomy to the regions, has been on the agenda for a long time. Although a satisfactory balance between regional autonomy and the provision of support for weaker areas has not yet been found, substantial progress in this direction would be helpful. The need to rebuild the coastal regions of eastern Tohoku provides a chance to implement such a strategy as a pilot case.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 6

Following the 2009 election, it was hoped that the DPJ-led government could bring a fresh dynamism to economic reform, finding a new sustainable framework to meet the country's economic and social challenges. However, the split parliament and instability in the political system made it difficult to pass significant reforms. In its public statements, the DPJ government showed that it was aware of the issues at stake. The demand-oriented approach of the government's New Growth Strategy (based on a June 2010 Cabinet decision), as well as the Ministry of Economy, Trade and Industry's (METI) September 2011 review of post-Fukushima issues in its Challenges and Actions in Economic/Industrial Policies report, expressed a DPJ political agenda that put new emphasis on social concerns. However, these policies failed to produce significant new economic momentum.

The new LDP-led government, which took office in December 2012, won power promising a so-called three-arrows strategy, consisting of unprecedentedly aggressive monetary easing, a highly ambitious deficit-financed spending program despite the record levels of public debt, and a program of structural reforms. The first two arrows have led to a surge of optimism in the economy, although their unorthodoxy entails grave hazards that would have been deemed irresponsible even a year previously. Moreover, the strong devaluation of the yen in response to the monetary easing has led to serious problems for competing economies, and raises the threat of a global currency war. The eventual implementation of structural reforms (the third arrow) – for instance, targeting the labor market or insolvency procedures – is a necessary but not sufficient condition for the first two arrows to have longer-term positive effects. The government hopes that catalytic policies such as strengthening the role of women in the labor market, dramatically improving

English-language competency, and entering negotiations for a Trans-Pacific Partnership (TPP) with the United States will create systemic pressure leading to the necessary structural change.

### Labor Markets

Labor Market Policy  
Score: 7

Even during the global financial crisis, Japan's unemployment rate remained below 6% (although this figure would likely be somewhat higher if measured in the same manner as in other advanced economies). This did not change dramatically even after the triple disaster of 2011. In terms of age cohorts, recent trends show divergent patterns: While unemployment rates among those under 30 years of age, especially among 20-to-24-year-olds, continue to be above average and have indeed risen since the late 2000s, the incidence of unemployment among 60-to-64-year-olds has declined significantly since the early 2000s – in large part due to government support schemes – and is now close to average.

However, as has taken place in many other countries, the Japanese labor market has witnessed a significant deterioration in the quality of jobs. The incidence of nonregular employment has risen strongly; while only one-fifth of jobs were nonregular in the mid-1980s, this ratio had risen to one-third by 2010. A major concern is that young people have difficulty finding permanent employment positions, and are not covered by employment insurance. Moreover, because of the nonpermanent nature of such jobs, they lack appropriate training to advance into higher-quality jobs in the future. In 2011, Japan passed a law to support job seekers through the implementation of a job-training scheme and some post-training financial support. While this has helped mitigate the effect of some structural issues, the measures do not yet address the open labor market.

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. As of the time of writing, the LDP-led government was considering measures to liberalize the labor market, through policies such as making it easier to lay off workers. It remains to be seen whether the government can overcome the strong opposition to such policies in parliament, among vested interests and elsewhere.

## Citation:

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

**Taxes**

Tax Policy  
Score: 6

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

In terms of competitiveness, the 35% corporate tax rate is clearly too high in international comparison. With the 2013 Tax Law, the LDP-led government made some efforts to lower such taxes, but most of the measures are temporary and cannot be considered to represent full-scale reform.

Japan has the lowest overall level of tax revenue of any OECD nation, totaling just 17% of GDP. Moreover, two decades of sluggish economic growth and continuous fiscal-support programs have produced a situation in which the yearly tax income falls significantly short of national expenses. For instance, government bonds accounted for 48% of national government revenue in 2011. Raising the remarkably low consumption tax is seen as one key to addressing this problem. While earlier governments avoided this step for fear of ballot-box retribution, the DPJ-led government announced plans in early 2012 to raise the consumption tax rate to 8% in April 2014, and again to 10% in October 2015. As of the time of writing, the LDP-led government appeared determined to carry out its predecessor's policy. However, this increase is far too small to counter the country's entire revenue shortfall.

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. The government's 2013 Tax Law sought to partly offset the negative redistributive effects of lower corporate tax rates and the scheduled consumption tax increase. This was accomplished by raising the inheritance and income taxes; however, the latter policy may have a somewhat negative effect on economic incentives.

**Budgets**

Budgetary Policy  
Score: 2

Public indebtedness in Japan amounts to 230% of GDP, or 140% on a net basis, the highest such level among developed economies. The budget deficit remains high, with government projects of around 6.9% for the 2013 – 2014 fiscal year



by the government. The OECD has urged the government to address the deficit problem more seriously. The government has expressed an intention to reduce the primary balance to 3.2% in fiscal year 2015 – 2016, but as of the time of writing, had not indicated how it intended to reach that goal.

From a short-term perspective, nominal interest rates remain low (rarely higher than 1.5%). 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 such institutional investors obviously have no interest in lower bond prices, and this oligopoly of players can sustain the current price level of Japanese government bonds. However, should national savings fall short of domestic needs, a foreseeable condition as a result of the aging of Japanese society, new government deficits may not be able to be absorbed domestically. As a result, government bond prices may fall and interest rates may rise at a fast pace, which would create extremely serious problems for the Japanese government budget and the country's financial sector.

The country's aggressive monetary-easing policy, implemented beginning in early 2013, may have partially been intended to monetize the public debt, drawing on inflation to lower its real value. However, any such inflationary shock could easily become uncontrollable. The government's aim of regaining fiscal sustainability in the medium term thus depends on a highly optimistic scenario.

Citation:

Nikkei.com, OECD Urges Japan To Specify Concrete Steps To Restore Fiscal Health, 23 April 2013, <http://e.nikkei.com> (accessed in April 2013)

## Research and Innovation

R&I Policy  
Score: 7

Japan has developed into one of the world's leading producers of research and development (R&D) during the postwar period. Even during the so-called lost decades, science, technology and innovation (STI) received considerable attention and government funding. Current policies are based on the Fourth Science and Technology Basic Plan (2011 – 2016). Compared to the Third Plan, the emphasis has shifted away from a supply-side orientation fostering specific technologies such as nanomaterials to a demand-pull approach cognizant of current economic and social challenges. The reconstruction of the northeast and the need to catalyze green technologies are among the major goals mentioned in this context. While this demand-focused philosophy reflected the overall policy conception of the previous DPJ-led government, the

approach could indeed help to overcome the problem of trying to identify what technologies will be the most important in the future.

The need to internationalize Japanese R&D represents an important future challenge. While many attempts at this have already been made, a home bias is still evident. The Fourth Plan recognizes this problem, and makes the case for an East Asia Science and Innovation Area. However, it will be difficult to reconcile the country's various national strategic interests in the region.

In institutional terms, the basic policy has so far been overseen by the Council for Science and Technology Policy. This body is headed by the prime minister, signaling the high status of STI questions. However, the council lacks concrete powers and clout. While plans to change its existing organizational structure were scrapped in late 2012, incoming Prime Minister Abe indicated an intention in early 2013 to strengthen the council, for instance by giving it budgetary power. This prospect faces opposition, however, and it is unclear whether organizational challenges can be overcome in the near term.

### Global Financial System

Stabilizing Global  
Financial Markets  
Score: 7

Japan played a largely positive role in responding to the global financial crisis of 2008 – 2009. For instance, apart from domestic stimulus measures, it provided a large loan to the IMF and supported South Korea by means of a bilateral swap arrangement. It has also played an active role at the regional level, as for instance with its involvement in the Chiang Mai Initiative Multilateralization, although this particular initiative did not play a substantial role in recent crisis management. Japan has engaged in multilateral discussions on improving the global financial architecture, but has not been particularly proactive or effective in this regard. The early-2013 push toward aggressive monetary expansion and yen devaluation under the new LDP-led government and the new leadership of the Bank of Japan can be interpreted as showing little consideration for competing economies, and raises the danger of a currency war.

The country has reacted to earlier criticism on the issue of international money laundering. Tighter rules have been in place since April 2013, based on a law passed in 2011. For example, electronic transfers of more than JPY 100,000 (around €800 as of April 2013) now receive closer inspection than was previously the case.

Domestically, Japan has various mechanisms in place designed to protect vulnerable groups from the full effects of a financial crisis. The principal mechanism is the Deposit Insurance Corporation of Japan. Since 2005, the deposit-insurance program has covered up to JPY 10 million (about €80,000 in April 2013 prices) plus accrued interest per depositor per financial institution. Moreover, the corporation has instruments applicable to bank-failure resolution, the purchase of non-performing loans and assets, and capital injection.

New insolvency legislation has made exit from overburdening debt easier. However, the government and established players within the financial system, as well as owners, often prefer to keep ailing companies afloat, meaning that it is difficult to remove terminally ailing companies from the corporate system. Another reform of insolvency rules was being debated by the LDP-led government as of the time of writing, but it is unclear whether further improvements can be effected.

Citation:

Solis, Mireiya, *Globalism Ascendant, Regionalism Stagnant: Japan's Response to the Global Financial Crisis*, in: *The Hague Journal of Diplomacy* 6 (1-2), 2011, pp. 37-61

## II. Social Policies

### Education

Education Policy

Score: 6

Education has always been considered a particular strength within Japan. However, the Japanese education system faces a number of challenges. One of these is to deliver adequate quality. In 2002, so-called *yutori* (room to grow) education was introduced, reducing overall teaching hours and putting less emphasis on hard-core subjects such as mathematics. However, this policy shift has produced some discontent, and in 2011 a reorientation was introduced that to some extent reversed the *yutori* changes. In the area of tertiary education, the 2001 administrative reform transformed the national universities into independent agencies, but this change has not created reform impetus sufficient to improve quality from within the system. The number of students going abroad for study has been shrinking for a number of years; Japan is almost singular in this respect among advanced nations. The new LDP-led government wants to use increased competency in and use of English as a centerpiece of

economic reforms, but it is much too early to speculate as to the feasibility of this approach.

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

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

### **Social Inclusion**

Social Inclusion  
Policy  
Score: 6

Japan, once a model of social inclusion, has developed considerable problems with income inequality and poverty during the course of the past decade. Gender equality is also a serious issue. Equity concerns underlay considerable portions of the DPJ's successful electoral manifesto of 2009.

The New Growth Strategy of 2010 was based on creating new demand and employment opportunities. The DPJ-led government was unable to create additional demand effectively, despite the goal of establishing the country as a leading center for green and creative industries. In addition, it was unable to devote sufficient funds to develop truly substantial policies to improve social inclusion.

Major social-system reform measures formed an integral part of a Comprehensive Reform of Social Security and Tax package that was introduced in January 2012 and eventually passed by parliament in August 2012. However, the change of government shortly thereafter makes implementation of the full reform package doubtful. The new LDP-led government wants to focus on social-security reforms that harmonize with its growth agenda, as for example by increasing child-care options for working mothers.

## Health

Health Policy  
Score: 7

Japan has a universal health care system. It also has one of the world's highest life expectancies – 79 years for men and almost 86 for women (at birth). Infant mortality rates are among the world's lowest (2.8 deaths per 1,000 live births). However, a prevailing shortage of doctors represents one serious remaining bottleneck. The number of doctors per capita is some 40% lower than in Germany or France. However, judging on the basis of fundamental indicators, Japan's health care system, in combination with traditionally healthy eating and behavioral habits, delivers good quality.

Nonetheless, the health care system faces a number of challenges, as pointed out by the OECD in 2009. These include the needs to implement cost containment, enhance quality and address imbalances. Some progress with respect to cost containment has been made in recent years, but the new LDP-led government seems determined to postpone adjustments for electoral reasons. For instance, senior citizens are supposed to pay 20% of hospital or clinic charges themselves according to law, but a temporary reduction of this share to 10%, introduced in 2008, is to be continued. In January 2013, the Supreme Court ruled against a ban on online sales of certain over-the-counter drugs, but the government has shown itself reluctant to change existing rules accordingly, despite Prime Minister Abe's stated intention of making health care deregulation a future area of strategic growth.

Although spending levels are relatively low in international comparison, the entire population has reasonable health care access due to the comprehensive National Health Care Insurance program.

Citation:

Jones, R. S. and B. Yoo (2011), "Japan's New Growth Strategy to Create Demand and Jobs," OECD Economics Department Working Papers, No. 890, OECD Publishing. <http://dx.doi.org/10.1787/5kg58z5z007b-en> (accessed in June 2012)

## Families

Family Policy  
Score: 5

A major focus for family policy in Japan in recent years has been the attempt to improve women's ability to balance work and family life. According to recent OECD statistics, Japan has the group's second-highest gender gap in terms of median incomes earned by full-time employees. Japanese government figures show that only slightly more than 6% of women working in the private sector

have made it to the level of section manager or beyond. Although several policy measures aimed at addressing these issues have been implemented since the 1990s, many challenges remain.

The DPJ-led government (2009 – 2012) sought to make a fresh start in this area. In April 2010, an Act on Payment of Child Allowance was introduced, which offers a child-care allowance for children aged 15 and younger. However, the DPJ-led government ultimately had to scale back the magnitude and availability of child allowance payments. In consequence, any financial improvements experienced by families proved largely fleeting. Moreover, the insufficient supply of affordable child-care facilities remains a big problem.

The new LDP-led government aims to give strong support to child-care providers in order to improve working mothers' conditions. This is considered a strategic growth area, but results were not yet visible at the time of writing.

### Pensions

Pension Policy  
Score: 5

Given the rapid aging of the country's population, Japan's pension system faces critical challenges. The last major overhaul was based on 2004 legislation, and became effective in 2006. Under its provisions, future pension disbursements will rise less than inflation, payments (after an intermediate period) will commence at age 65 instead of age 60, contributions will top out at 18.3% of income, and a payout ratio of 50% is promised. However, the program's assumed relationship between future payment levels, contributions and the starting age for receiving benefits is based on optimistic macroeconomic forecasts. After the global financial crisis, these assumptions seem increasingly unrealistic, and further reform is thus needed. For instance, national budgetary contributions to the system have risen in recent years from 1.5% of GDP to more than 2% despite concerns about the deficit. Thus, fiscal sustainability has not been fully recovered, although the gap is not expected to increase again soon.

After taking office in 2009, the DPJ-led government proved unable to pass legislation overhauling the pension system despite a January 2012 announcement that pension reform should be part of an encompassing reform of the tax and social-security system. The new LDP-led government has focused on reforms improving industrial competitiveness, although it has maintained its support for the 2012 bipartisan reform agreement.

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

Citation:

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

NIRA Policy Review, Public Pensions and Intergenerational Equity, No. 59, Tokyo 2013  
Kenichiro Kashiwase et al., Pension Reforms in Japan, IMF Working Paper WP/12/285, 2012

NIRA Policy Review, Public Pensions and Intergenerational Equity, No. 59, Tokyo 2013

## Integration

Integration Policy  
Score: 4

In spite of its aging population, Japan still maintains a very restrictive immigration policy. One of the few recent exceptions are bilateral economic-partnership pacts that since 2008 have allowed Filipino and Indonesian nurses and caregivers to enter Japan on a temporary basis. For longer-term employment, however, they have to pass a professional test that demands a high level of Japanese language proficiency. In the first few years of the program, less than 5% of trainee nurses and caregivers were able to pass this test. In early 2012, it was reported that this ratio had increased significantly.

In December 2011, a program was introduced seeking to attract 2,000 non-Japanese with a “high degree of capability.” Access to five-year visas and ease in achieving a permanent residency status is based on a points system. The new LDP-led government announced in early 2013 that it would review the new system soon, possibly with an eye toward raising the number of immigrants through a relaxation of the rules. Nevertheless, the Japanese government still seems reluctant to embrace immigration. The nationalistic viewpoints held by many LDP lawmakers pose particular challenges in this regard.

For existing foreign residents, the 2009 revision of the Immigration Law, which came into effect in 2012, brought a number of important changes. On the one hand, some strict rules were relaxed. For instance, for medium-term foreign residents, the maximum period of stay was extended from three to five years.

Given Japan’s restrictive approach to immigration, there is little integration policy as such. Local governments and NGOs offer language courses and other

assistance to foreign residents, but such support remains often rudimentary, especially outside the metropolitan centers.

### Safe Living

Safe Living  
Conditions  
Score: 9

Japan enjoys a reputation for a very low crime rate, although it is unclear just how much the effectiveness of internal security policies contributes to this fact. Other social and economic factors are also at work. For major crimes such as homicide or hard-drug abuse, Japan's good reputation is well deserved. Terrorism also poses no major threat today. With respect to lesser offenses, however, particularly in the case of burglaries and robberies, Japan now occupies only a middle rank among OECD countries. Another issue is the existence of organized gangs (so-called yakuza), which have never been eradicated, although incidents in which these groups molest ordinary citizens seem rather rare. The total number of reported crimes has decreased in recent years, to about 1.5 million cases in 2011, but this is still more than in the 1960s and 1970s.

### Global Inequalities

Global Social Policy  
Score: 5

In terms of official development assistance (ODA), Japan has always underperformed compared to the OECD average. In recent years, due to fiscal pressures, the amount of ODA has been reduced further, including a 2.1% decrease in 2012. However, the quality of the aid provided has also been improved in recent years, and assistance has been better aligned with Japan's broader external security concerns.

A recent regular WTO review found only a few changes in the country's international trade policy framework since 2011. In particular, tariffs for agricultural products remain high, as are those for other light industry products such as footwear or headgear, in which developing economies might otherwise enjoy competitive advantages. On the non-tariff side, questions about the appropriateness of many food-safety and animal- and plant-health measures (sanitary and phytosanitary (SPS) measures) remain.

Japan's reluctance to move decisively on such issues, largely because of domestic vested interests, has contributed to the slow progress in the Doha round of WTO negotiations. Moreover, the country's various attempts at bi- and multilateral free-trade agreements have made little headway.



Japan has worked toward fulfillment of the Millennium Development Goals (MDGs). It claims to have been the leading ODA provider in the water, environment, health and education sectors over the last 10 years. It is active in making suggestions for the post-2015 development agenda, but can hardly be considered a real driver in these multilateral processes.

Citation:

ICTSD (International Centre for Trade and Sustainable Development, WTO: Structural Reforms Needed for Japan to Sustain Economic Recovery, Bridges Weekly Trade News Digest 17.6, 20 February 2013, <http://ictsd.org/i/news/bridgesweekly/154773/> (accessed in May 2013)

MoFA (Ministry of Foreign Affairs, Japan), Initiatives of Japan towards 2015. Millennium Development Goals, Tokyo n. y.

### III. Environmental Policies

#### Environment

Environmental  
Policy  
Score: 6

Japan was a global leader in terms of antipollution policy and energy conservation in the 1970s and 1980s, partially due to technological progress and the forceful implementation of relevant policy programs, and partially due to the overseas relocation of polluting industries. More recently, Japan has been faced by two major concerns: first, how to contribute to the global reduction of CO<sub>2</sub> emissions, and second, how to improve the energy mix of the domestic economy.

The triple 3/11 disaster led to some policy rethinking with respect to nuclear energy. In 2010, the DPJ-led government had decided to raise the share of the country's electricity generation produced by nuclear power from 30% to 50%. In the aftermath of 3/11, activists as well as some politicians including then-Prime Minister Naoto Kan called for a total exit from nuclear power. However, subsequent governments did not subscribe to such a radical approach, and today it appears that nuclear energy will remain an important part of the overall energy mix for the foreseeable future. In 2011, policymakers decided to improve the feed-in tariff system, with the aim of promoting photovoltaic energy generation. Japan's share of sustainable energy generation today remains quite low. Greenhouse gas emissions have risen again since the 2008 – 2009 global recession. Nominally, they are above the 1990 Kyoto Conference baseline, but are below this level if forest carbon-sink measures are considered.

In the areas of industry and transport, Japan has made progress in recent years, but some improvements may have come from the further move of GHG-intensive activities abroad.

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

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

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

### Global Environmental Protection

Global  
Environmental  
Policy  
Score: 6

International climate policy has profited considerably from Japanese commitment to the process. The Kyoto Protocol of 1997 is perhaps the most visible evidence of this fact. After Kyoto, however, Japan assumed a much more passive role. For instance, it had no reduction obligation for the second part of the Kyoto Round. It went into the Conference of Parties (COP 18) negotiation round in Doha in November 2012 with the intention of postponing agreement until 2015, thus delaying commitments and raising the prospect of further dissonances between advanced and less-advanced economies. It did not intend to go beyond its earlier commitment of a 25% reduction by 2025 as compared to the 1990 baseline. Thus, Japan is de facto assuming a low profile in this important field of global environmental protection.

With respect to multilaterally organized protection, Japan is particularly known for its obstinacy on the issue of global whaling. This is a high-profile, emotive issue, though perhaps not the most important one worldwide. Notably, Japan supports many international schemes by contributing funds and by making advanced technologies available.

## Quality of Democracy

### Electoral Processes

Candidacy  
Procedures  
Score: 9

Japan has a fair and open election system with transparent conditions for the registration of candidates. The registration process is efficiently administered. Candidates have to pay a deposit of JPY 3 million (about €23,200 as of April 2013), which is returned if the candidate receives at least one-tenth of the valid votes cast in his or her electoral district. The deposit is meant to deter candidatures that are not serious, but in effect presents a hurdle for independent candidates. The minimum age for candidates is 25 for the lower house and 30 for the upper house. There have been no relevant changes in recent years.

Media Access  
Score: 8

Access to the media for electioneering purposes is regulated by the Public Offices Election Law, and basically ensures a well-defined rule set for all candidates. In recent years, the law has been strongly criticized for being overly restrictive, for instance by preventing broader use of the Internet and other advanced electronic-data services. Even the use of Twitter was explicitly banned through the lower-house elections in 2012, while candidates were not allowed to update their websites or upload topical material such as video of a campaign speech to YouTube during the election campaign. Grassroots political activity online was also restricted. In April 2013, a revision of the Public Offices Election Law was enacted, based on bipartisan support from the governing and opposition parties; the new version allows the use of online networking sites such as Twitter in electoral campaigning, as well as more liberal use of banner advertisements. The new law was applied in national and local elections beginning with the upper-house elections in July 2013. Regulations are in place to prevent abuses such as the use of a false identity to engage in political speech online.

Citation:

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

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

Voting and  
Registrations Rights  
Score: 8

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

One long-standing and controversial issue concerns the relative size of electoral districts. Rural districts still contain far fewer people than do congested urban areas. In March 2011, the Supreme Court ruled, in line with earlier decisions, that the maximum electoral-district size difference of 2.3:1 in the 2009 lower-house elections was unconstitutional. However, the court did not invalidate the election. The Diet was thus under pressure to take action before the approaching next round of lower-house elections. Although bipartisan support for reforms was finally achieved, these changes could not be implemented in time for the election. LDP politicians insisted on going ahead with the balloting anyway, counting on the leniency of the courts. Indeed, the Supreme Court did not stop the election; however, the results were in several cases the subject of successful appeals by concerned citizens. The Supreme Court was expected to deliver a final ruling on the issue in 2013.

Citation:

Michael Cucek, Japanese high courts trip up the Abe government, EastAsiaforum.org, 4 April 2013, <http://www.eastasiaforum.org/2013/04/04/japanese-high-courts-trip-up-the-abe-government/> (accessed April 2013)

Party Financing  
Score: 7

While infringements of the law governing political-party financing have been common in Japan, the frequency and magnitude of this type of scandal have declined in recent years. To some extent, however, 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, most 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.

During the period under review, the issue of political funding issue was raised by a scandal involving Ichiro Ozawa, a former leader of the DPJ that left this party in 2012. The case concerned real-estate transactions in the mid-2000s, as well as falsified financial reports. In September 2011, three Ozawa political aides were found guilty by the Tokyo District Court. Ozawa himself was acquitted in 2012. Ozawa has been a controversial but influential political figure for decades; thus, the continuous flow of critical media reports dealing with the scandal served to strengthen the Japanese public's negative impressions of the political establishment.

No other major new political-funding scandals emerged during the latter part of the reporting period.

Popular Decision-Making  
Score: 2

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

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

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

Citation:

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

### Access to Information

Media Freedom  
Score: 6

Japanese media are free to report the news without significant official interference. While the courts have ruled on a few cases dealing with perceived censorship, there is no formal government mechanism infringing on the independence of the media. While NHK is a public broadcasting service, it

enjoys very substantial freedom. Interventions by ruling-party lawmakers have been infrequent in recent years. Those interventions that have taken place have been directed at topics concerning controversial aspects of Japan's wartime past (e.g., the role of the emperor in the second world war, the system of forced prostitution set up by the armed forces, etc.). It may be that some degree of voluntary censorship occurs when media organizations such as NHK and others address this kind of sensitive issue.

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

Northeastern Japan's triple catastrophe of 11 March 2011 casts a spotlight on such informal linkages. The government was extremely slow to release information detailing the magnitude of the problems, particularly in the case of radiation leakages. Major newspapers and broadcasters, despite or because of their exclusive access, rarely asked critical questions, and agreed to follow the government's information policy. Independent journalists (often using Web-based information channels), the foreign press and some weekly papers and political magazines such as Aera provided balance to some extent, but had limited ability to expand the scope of their coverage. As a result of these issues, Japan dropped a dramatic 22 places to 53rd place in Reporters Without Borders' 2013 World Press Freedom Index.

Citation:

Reporters Without Borders, Press Freedom Index 2013, <http://en.rsf.org/press-freedom-index-2013,1054.html> (accessed in April 2013)

Media Pluralism  
Score: 7

Japan has an oligopolistic media structure, with five conglomerates controlling the leading national newspapers and the major TV networks. These include Asahi, Fuji Sankei, Mainichi, Yomiuri, and the Nihon Keizai Group. Another major force is NHK, the quasi-national broadcasting service, which has enjoyed close connections with LDP-led governments despite formal freedom from interference, and has rarely criticized the status quo to any significant degree. The other media groups also tend to avoid anything beyond a mildly critical coverage of issues, although a variety of stances from left-center (in the case of Asahi) to conservative-nationalistic (Sankei) can be observed. Generally speaking, the small group of conglomerates and major organizations does not support a pluralistic landscape of opinions. Regional newspapers and TV stations do not play a serious competitive role.

Access to  
Government  
Information  
Score: 6

New competition can be expected from interactive digital-media sources such as blogs, bulletin boards, e-magazines, social networks and so on. Their use is spreading rapidly. In the longer run, the loss of public trust in the government and major media organizations may have intensified the move toward greater use of independent media channels, and thus towards more effective pluralism.

Japan's Act on Access to Information Held by Administrative Organs came into effect in 2001, followed one year later by the Act on Access to Information Held by Independent Administrative Agencies. Basic rights to access government information are thus in place, although a number of issues remain. Various exemptions apply, as for instance with respect to information regarding specific individuals, national security issues or confidential business matters. Claims can be denied, and the head of the agency involved has considerable discretion. Appeals are possible, but only in court, which involves a very burdensome process.

The 3/11 catastrophes made it clear that in situations deemed critical, the government is willing to withhold relevant information.

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

### **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 – as yet unsuccessfully – that independent agencies able to investigate claims of human rights abuse should be created. There is no national- or Diet-level ombudsperson or committee tasked with reviewing complaints. Citizens have no legal ability to take their complaints to a supranational level, while many other countries have already signed the so-called Optional Protocols to the International Covenant on Civil and Political Rights.

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. Executions

Political Liberties  
Score: 9

were resumed in early 2012 after a moratorium. Under the new LDP-led government, three executions took place in February 2013.

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

Non-discrimination  
Score: 5

Women still face some discrimination, particularly in the labor market. The wage differential as compared to men has not significantly decreased in recent years, and the recent recession has not helped in this respect. The country's share of female parliamentarians is very low by the standards of other advanced countries. In highly publicized strategic-policy statements made in spring 2013, Prime Minister Abe called women "Japan's most underused resource," but as of the time of writing, the government had taken no concrete steps to improve labor-market gender dynamics.

The three million descendants of the so-called burakumin, an outcast group during the feudal period, still face informal social discrimination, though it is difficult for the government to counter this. Korean and Chinese minorities with permanent resident status also face some social discrimination, as do more recent Brazilian and Philippine immigrants. Naturalization rules were eased somewhat in recent years; as a result, of the roughly 600,000 ethnic Koreans in the country, close to 10,000 are being granted citizenship per year. Menial workers with foreign passports from the Philippines, the Middle East and elsewhere frequently complain of mistreatment and abuses.

Japan continues to have a rather serious human-trafficking problem with respect to menial labor and the sex trade, in some cases affecting underage individuals. The treatment of refugees and asylum seekers is frequently the subject of criticism, as the processes are not transparent and can be lengthy. In some cases, refugees have committed suicide before completing the process.

### 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 administrators. For instance, needy citizens have often found it difficult to obtain welfare aid from local-government authorities. Such discretionary scope is deeply entrenched in the Japanese administrative system, and offers both advantages and



disadvantages associated with pragmatism. The judiciary has usually upheld the discretionary decisions of the executive. However, the events of 3/11 exposed the judicial system's inability to protect the public from irresponsible regulation related to nuclear-power generation. Some observers fear that the same problems may ultimately emerge in other areas as well.

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

Citation:

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

Judicial Review  
Score: 6

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

The lenient way in which courts have treated the risks associated with nuclear power, widely discussed after the 3/11 events, also fits this appraisal. However, several courts have recently taken a stiffer line against parliament, which failed to create a revised electoral system for the December 2012 lower-house elections as ordered by a March 2011 Supreme Court verdict.

As one aspect of judicial reform, lay judges (*saiban-in*) have recently been introduced. The first cases handled by both professional and lay judges were heard in 2009. A significant share of the traditional judiciary still seems to be quite skeptical of lay judges, although a Supreme Court review in 2012 was largely positive.

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 the passage of 10 years, if they have not retired in the meantime. These votes are of questionable value, as voters have little information enabling them to decide whether or not to approve a given justice's performance. In response to the call for more transparency, the Supreme Court has put more information on justices and their track record of decisions on its website. During the period under review, there were no new developments in this area.

Corruption  
Prevention  
Score: 5

Reports of corruption and bribery scandals have emerged periodically in Japanese politics for decades. These problems are deeply entrenched, and are related to the country's organization of politics. Japanese politicians rely on local support networks to raise campaign funds, and are expected to "deliver" for their constituencies in return. Scandals have affected members of all major parties.

The period under review was dominated by a lingering, major scandal involving the influential politician Ichiro Ozawa. Ozawa himself was acquitted in 2012, but a high court upheld guilty verdicts for three aides in early 2013.

This said, new financial or 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.

Particularly 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 conjecture that at least on a regional level, collusive networks between authorities and companies still seem to be prevalent, and may involve corruption and bribery.

In a report released in January 2012, the OECD expressed serious concerns about Japan's enforcement of the Foreign Bribery Law.

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic Planning  
Score: 6

The DPJ, voted into power in 2009, promised to implement grand government-structure reforms, calling in particular for a streamlining of executive decision-making structures through a government run by politicians rather than bureaucrats. In the event, such change could not be effectuated.

The DPJ's idea of installing a National Strategy Bureau as a kind of "control tower" charged with proposing and coordinating important budget and policy matters ultimately failed. An attempt to endow the new national strategy unit with a proper legal basis finally floundered in spring 2011. By then the national strategy unit had already been degraded to a mere consultative organ advising the prime minister on select issues, a function which it also had to share from fall 2011 onward with a newly established National Policy Conference comprised of outside experts.

The LDP-led government elected in December 2012 shifted course again, with the aim of strengthening strategic capacity in the center. It first revived the Council on Economic and Fiscal Policy, used by former Prime Minister Koizumi (2001 – 2006) as a key reform instrument. Second, it created an Industrial Competitiveness Council, reporting to the prime minister. Third, it created a Regulatory Reform Council. Several reformers of the Koizumi era have reappeared, including former reform minister Heizo Takenaka, who serves on the Industrial Competitiveness Council. Several meetings of this council took place in early 2013, signaling a dense workload and high expectations.

However, as of the time of writing, it was premature to evaluate the prospects of the new government's policies or the performance of its recent changes.

Scholarly Advice  
Score: 6

The Japanese government is assisted by a large number of advisory councils, typically associated with particular ministries and agencies. These are usually composed of private-sector representatives, journalists, civil servants and trade unionists. It has frequently been asked whether these advisory boards truly have a decisive influence on policymaking, or whether the bureaucracy rather uses them to legitimize its policies by nudging seemingly independent bodies into making proposals that would be forthcoming in any case. The DPJ-led government that took over in 2009 was quite critical of the role of bureaucrats in policymaking. In addition, it was suspicious of the ubiquity of these advisory councils, which included a significant number of academic advisors. Many but not all councils' work was put on hold.

There are some indications that the LDP-led government that took over after the December 2012 general election wants to rely more on outside expertise and clout in order to overcome opposition against policy changes and reform. Naming Heizo Takenaka, an academic and former Prime Minister Koizumi's leading reform advocate, as a member of the new Industrial Competitiveness Council, is a clear signal of reform intentions.

### **Interministerial Coordination**

GO Expertise  
Score: 6

Under the central-government reform implemented by the Koizumi government in 2001, the role of central institutions was considerably strengthened. While retaining and making use of the substantially strengthened resources of the Cabinet Secretariat, the DPJ-led government in power from 2009 put particular emphasis on transferring effective control over the budget away from the Ministry of Finance.

However, results in this regard were disappointing, and the Ministry of Finance regained influence through its privileged participation in the budget-drafting process. Under Prime Minister Noda (2011 – 2012), some mechanisms to support strategic decision-making at the central level remained. Continuing from the earlier phase of the DPJ-led governments, a Government Revitalization Unit was created to review the need for and effectiveness of various government institutions and programs. A proposal-based policy-review process, which involved public meetings, was intended to make the appraisal of policies more transparent, while simultaneously strengthening the involvement of central authorities. Noda also set up a Council on Economic and Fiscal Policy, made up of senior ministers and leading private-sector figures, and tasked it with discussing issues of strategic importance. However, the council's lack of a legal mandate meant that it lacked clout.

GO Gatekeeping  
Score: 7

The new LDP-led government seems to be intent on strengthening the central government's strategic capacity again.

Present guidelines for policy coordination make the Cabinet Secretariat the highest and final organ for policy coordination below the Cabinet itself. This has de jure enabled Japanese prime ministers to return items envisaged for Cabinet meetings on policy grounds. In reality this rarely happens, as items to reach the Cabinet stage are typically those on which consensus has previously been established. However, contentious policy issues can produce intercoalition conflicts, even at the Cabinet level. This was witnessed on several occasions during the coalition government of the DPJ, the People's New Party and the Social Democratic Party.

Formal input into law-making processes is provided by the Cabinet Legislation Bureau. This body's official mandate is to support the correct legal framing of proposed laws, not to provide material evaluation. It is further weakened as an independent mechanism of Cabinet- or prime minister-level supervision, as ministry representatives are seconded to the Bureau to provide sectoral competences, creating influences difficult to counter in the absence of independent expertise at the central level.

Specialized groupings often have and continue to be used to circumvent entrenched interests in the statutory coordination organs. A recent example following the December 2012 election was the establishment of the Headquarters for Japan's Economic Revitalization under the umbrella of the Council on Economic and Fiscal Policy. This body is headed by the prime minister, consists of all state ministers and is administered by the Cabinet Secretariat. While its composition is thus quite similar to the Cabinet itself, it offers a much more direct tool for the prime minister.

Line Ministries  
Score: 7

In Japan, instead of a dichotomy between government office (GO) or prime minister's office (PMO) and line ministries, one must also consider the explicit role of governing parties, with the result visualized as a triangle. When the LDP was in power, the party's own policymaking organ, the Policy Affairs Research Council (PARC), developed considerable influence, ultimately gaining the power to vet and approve policy proposals in all areas of government policy. While the GO/PMO level was also involved, for instance through a technical-legalistic supervision of proposed laws in the Cabinet Legislation Bureau, in a material sense the exchange between the ministries and PARC's associated mirror divisions were more important.

This configuration was challenged once the DPJ gained power in 2009. Cabinet-level involvement and initiative was strengthened, and the DPJ at least

temporarily abolished its own Policy Research Committee in order to centralize policymaking. Given the strong intraparty resistance to this move, the DPJ leadership subsequently backpedaled, with Prime Minister Noda (2011 – 2012) confirming that draft legislation had to be cleared by party organs first.

As of the time of writing, it remained unclear how the “triangle” power structure would evolve under the new LDP government. When it came to formulating the core features of the fiscal 2013 – 2014 budget, Prime Minister Abe showed some desire to isolate himself from his party and to contain ministerial influences.

Cabinet Committees  
Score: 5

Following the government reform in 2001, government committees were established in a number of important fields; in these, coordination among ministries with de facto overlapping jurisdictions plays an important role. The most important is the Council for Economic and Fiscal Policy (CEFP), headed by the prime minister. However, in two respects, this was never a “ministerial committee” in a strict sense. First, it has only an advisory function. Second, individuals from the private sector – two academics and two business representatives in the current configuration – were included. This can increase the impact of such a council, but it also means that it stands somewhat aloof from concrete political processes.

Seeking to break the Cabinet’s dependence on the national bureaucracy, the DPJ-led government abolished the administrative vice-ministers’ meeting which had previously served to determine the agenda of weekly Cabinet meetings. There was also some partial attempts to introduce “real” Cabinet committees. However, the politician-led government advocated by the DPJ government ultimately lacked in terms of effectiveness and professionalism. As a consequence, the DPJ, in particular the Noda government that took office in 2011, reintroduced several cross-cutting mechanisms such as the administrative vice-ministers’ meeting. A Council on National Strategy and Policy, created by Noda, was continued after the LDP took office. Prime Minister Abe in turn set up the Headquarters for Japan’s Economic Revitalization as a “quasi sub-committee” of the CEFP that encompasses all state ministers. However, it remains unclear how effective this body will be.

Ministerial  
Bureaucracy  
Score: 7

When the DPJ and its coalition partners gained power in 2009, a number of high-profile measures were put in place aimed at reducing the influence of civil servants in policymaking. One measure was to abolish the administrative vice-ministers meeting. Without sufficient support by bureaucrats, the new government subsequently appeared uncoordinated and amateurish on a number of occasions. The DPJ thus later tried to establish a more constructive working relationship with the bureaucracy. As a consequence, the influence of civil

Informal  
Coordination  
Score: 8

servants (and their role in coordinating policy proposals) has grown again. This is most visible in the reappearance of the administrative vice-ministers meeting. Another particularly important mechanism is the clearing of budget requests, in which the Ministry of Finance has again been taking a stronger role. The new LDP-led government sent signals in early 2013 that it would like to work effectively with the bureaucracy.

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. It has been suggested that under LDP rule, the directors of the LDP's policy-research departments, which closely mirror the government's ministry structure, may have been as or even more powerful than the serving ministers. With the advent of the DPJ-led government, this system came to a halt. Upon coming to power, the DPJ immediately abolished its policy-research division. Under Prime Minister Kan, however, the DPJ Policy Research Committee was revived. With the new LDP-led coalition government in power, it can be expected that informal, closed-door agreements on policy will again gain in importance.

### **Evidence-based Instruments**

RIA Application  
Score: 8

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

The process is administered by the Ministry of Internal Affairs and Communications (Administrative Evaluation Bureau), while the ministries are charged with doing their own analyses, which has led some to question the impartiality of the procedure. However, a number of evaluations in strategically important fields have been undertaken by the Interior Ministry itself. In 2010, this 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.

Quality of RIA  
Process  
Score: 8

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

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

According to the Basic Guidelines for Implementing Policy Evaluation (Revised) of March 2007, the necessity, efficiency and effectiveness of measures are to be the central considerations 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.

Sustainability  
Check  
Score: 3

Since 2010, for example, it has been obligatory for any ministry considering a tax measure to present an ex-ante evaluation. If the measure is in fact introduced, it must subsequently be followed by an ex-post examination.

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. LDP Prime Minister Abe has indicated that he wants to focus regulatory reform around the issue of economic revitalization. While this is a slightly different field than policy evaluation, one might also expect that the three criteria of the Policy Evaluation Act will in the future be interpreted in light of the immediate interest in revitalization, rather than reflecting longer-term aspects of sustainability. However, any such interpretation only a few months after the LDP-led coalition's accession to power remains speculative.

Citation:

MIC (Ministry of Internal Affairs and Communication, Japan), Website on evaluation results, [http://www.soumu.go.jp/main\\_sosiki/hyouka/seisaku\\_n/ketsyuka.html](http://www.soumu.go.jp/main_sosiki/hyouka/seisaku_n/ketsyuka.html) (accessed in May 2013)



Negotiating Public  
Support  
Score: 7

### Societal Consultation

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

Under the DPJ-led governments (2009 – 2012), government relations with the trade-union sector improved significantly, as the trade-union umbrella organization Rengo is one of the major supporters of the DPJ. Tellingly, DPJ cabinets included former labor-union leaders, and lobbying government-affiliated members of parliament became easier for union allies under the DPJ. Both sides showed signs of this closer relationship: In late 2011, against the recommendation of an independent commission, Rengo supported salary cuts of 7.8% for government employees; this action seemed quite extraordinary for a trade union movement.

As the LDP joined forces with the New Komeito Party to form the new government in December 2012, it can be expected that the Buddhist lay association Soka Gakkai, which provides the bulk of support for New Komeito, will gain influence on policy matters that relate to the organization's interests.

It is frequently argued that business has considerable influence on government decision-making in Japan, recently for example with respect to whether Japan should join negotiations for a trans-Pacific free-trade zone. Substantiating such claims is difficult, as there are no clear rules governing lobbying. This makes the channels of influence very difficult to trace.

#### Citation:

Laura Araki: Joining the FTA Frenzy. How Japanese Industry Drives Preferential Trade Diplomacy, Jackson School Focus, Spring 2012, pp. 32-45, [http://depts.washington.edu/jsjweb/wp-content/uploads/2012/04/JSJWEBv3\\_n1.Araki\\_L.pdf](http://depts.washington.edu/jsjweb/wp-content/uploads/2012/04/JSJWEBv3_n1.Araki_L.pdf)

Coherent  
Communication  
Score: 6

### Policy Communication

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

The DPJ-led government (2009 – 2012) instituted a major departure from earlier communications policy by putting politicians with ministry responsibility, often the ministers themselves, in charge of representing their issue area in the Diet and in press conferences. Ministers and other politicians also used various means of communicating with the public, including holding press conferences and soliciting direct feedback over the Internet. While this may have seemed a refreshing departure from the previous regime's somewhat stiff communication patterns, communication may actually have lost transparency as a result.

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, and its long-run consequences remain difficult to ascertain.

The new LDP-led coalition started with a massive and – during its first months – highly successful public-relations campaign in support of its policy agenda. This included the carefully planned timing of announcements, trips and interviews. Although this did result in government high approval ratings among the public, it remains unclear whether the campaign will lead to true reforms or simply have produced a temporary upswing in the public mood.

Citation:

Kingston, Jeff, Abe-phoria: A national punching bag morphs into a popular leader, *The Japan Times*, 7 April 2013

## Implementation

Government  
Efficiency  
Score: 7

The DPJ promised in 2009 to redirect a substantial portion of the public budget by spending less on public construction projects and instead making more money available to various groups of citizens including families (a policy dubbed “investing in people rather than concrete”). Eventually, however, the new government had to scale back its planned policy programs due to a lack of funds. The loss of the government majority in the upper house in 2010 further complicated matters, ultimately making it difficult to pass any substantive reform. However, a bipartisan parliament agreement to raise the consumption tax in two steps, reaching 10% by 2015, was realized in 2012.

Ministerial  
Compliance  
Score: 6

The new LDP-led government achieved a singular policy success during its first weeks in office through the initiation of an extremely loose monetary policy, with the support of the Bank of Japan.

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 themselves propose or veto specific sectoral policies if desired. 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.

Both the 2009 – 2012 DPJ-led government and the new LDP-led government sought to centralize policy-making within the core executive.

The new Abe government is again trying to enforce cabinet discipline. Some measures have been institutional, such as giving new weight to the Council for Economic and Fiscal Policy, which is basically a Cabinet committee with extra members in which the prime minister and his state minister for economic reform have a stronger voice than is the case in the Cabinet. Other measures have more personal motivations; for instance, two of Abe’s major intraparty rivals (Nobuteru Ishihara and Yoshihisa Hayashi) were given particularly demanding ministerial positions, namely the nuclear crisis and agriculture portfolios, the latter of which includes the responsibility for dealing with the Trans-Pacific Partnership (TPP). Again, this shows how challenging it is to enforce compliance and control the Cabinet.

Monitoring  
Ministries  
Score: 6

Generally speaking, the Cabinet Office, which was established over a decade ago, offers a means of monitoring ministry activities. In recent years, its personnel has been expanded, improving its monitoring capacity. However, it de facto lacks the ability to survey all activities at all times, and most recent

Monitoring  
Agencies,  
Bureaucracies  
Score: 7

prime ministers and their chief cabinet secretaries have lacked the power to use this apparatus effectively.

The DPJ-government originally attempted to control the budgeting process by shifting functions away from the Ministry of Finance, with the newly established Government Revitalization Unit playing a newly important role. Over time, however, the Ministry of Finance has regained some of its clout.

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

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

Debate over reform of these independent administrative agencies continues. The new LDP-led government has made this reform a main item on the agenda of the Administrative Reform Promotion Council.

Task Funding  
Score: 5

Local governments – prefectures and municipalities – depend strongly on the central government. Local taxes account for less than half of local revenues, and there is a complicated system of vertical fiscal transfers. Local governments can follow their own policies to only a limited extent, as they are generally required to execute policies passed at the central level, although in recent years this burden has been eased somewhat due to administrative reform measures. More recently, pressure on expenditures has further increased, as local budgets are responsible for a considerable proportion of the rising costs

associated with the aging population, as well as social-policy expenses related to the growing income disparities and poverty rates. Moreover, tax revenues were disappointingly low during the period under review.

Japanese authorities are well aware of these issues. Countermeasures have included a merger of municipalities designed to create economies of scale, thus necessitating lower expenditures for personnel and public investment. In a mid-2012 review of this strategy, problems associated with rising local financial burdens and with overcoming the effects of the March 2011 triple disaster were acknowledged. An Act on the Forum for Deliberation between National and Local Governments, passed in 2011, has increased local and regional governments' freedom of independent action. The DPJ-led government hoped to increase fiscal decentralization further, but no concrete progress was achieved. During the 2012 election campaign, the LDP and others made a reorganization of Japan's prefectural system into larger regional entities (doshu) a major campaign issue. Such a reform is highly controversial, however, and it is quite unclear whether the new government will be able to bring it about.

Citation:

Cabinet Decision (Japan), Medium-term Fiscal Framework (FY2013–FY2015), 31 August 31 2012, [www.cas.go.jp/jp/.../20120831\\_siryou01\\_en.pdf](http://www.cas.go.jp/jp/.../20120831_siryou01_en.pdf) (accessed in May 2013)

Constitutional  
Discretion  
Score: 4

The Japanese constitution guarantees local-government autonomy. However, articles 92 to 95 of Chapter VIII, which discuss local self-government, are very short and lack specifics. The central state makes its power felt through three mechanisms in particular: control over vertical fiscal transfers, the delegation of functions that local entities are required to execute, and personnel relations between local entities and the central ministry in charge of local autonomy. Moreover, co-financing schemes for public works provide incentives to follow central-government policies.

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

The 3/11 disasters did not produce any significant changes in the debate on local autonomy. Steps taken thereafter were ambiguous. In its Basic Guidelines

for Reconstruction in Response to the Great East Japan Earthquake (July 2011), the government approved the establishment of special zones for reconstruction in the region. However, measures related to these guidelines are to be overseen by the national government and the newly established Reconstruction Agency.

On the regional level, there has been considerable dissatisfaction over the degree of dependence on Tokyo. For example, Toru Hashimoto, once governor of Osaka prefecture and now mayor of Osaka City, has proposed that these two entities be united in order to make them stronger. In the 2012 general election, his newly formed Restoration Party (Ishin no Kai) won about 11% of the parliamentary seats, but did not become part of the government coalition.

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. On the central government level, the Ministry of Internal Affairs and Communications is in charge of this task, which involves direct supervision, personnel transfer between central and local entities, and training activities. While direct administrative supervision has lost some importance compared to legal and judicial supervision – the result of a 2000 reform that abolished local entities' agency functions in a strict sense – other channels remained important during the period under review. At the local level, particularly at the prefectural level, there is a rather elaborate training system that is linked in various ways with national-level standards.

### Adaptability

Domestic  
Adaptability  
Score: 6

Japan's reform processes are usually driven by domestic developments and interests, but international models or perceived best practices do play a role at times. Actors interested in reform have frequently appealed to international standards and trends to support their position. However, in many cases it is doubtful whether substantial reform is truly enacted, or whether Japan rather follows international standards in only a formal sense, with underlying informal institutional mechanisms changing much more slowly.

International  
Coordination  
Score: 6

In recent years, Japan has been actively involved in the new G-20 mechanism designed to meet the challenges of global financial turmoil. As its contribution to the multilateral effort, Japan implemented an economic stimulus program of considerable size. Nevertheless, Japan is less visible in international or global settings, which might be expected given its still-substantial global economic role. Frequent changes of prime ministers and other ministers in recent years have contributed to Japan's comparatively low profile. The fact that Japan

changed its finance minister a few days before the important IMF/World Bank 2012 Annual Meeting in Tokyo, a move driven entirely by domestic factors, was symptomatic of the lack of sensitivity to Japan's multilateral responsibilities and opportunities.

The so-called Peace Constitution, and particularly its Article 9, makes it difficult for Japan to engage in international missions that include the use of force, although it can legally contribute funds. The new Defense Guidelines of 2010 potentially offer more flexibility for Japanese engagements overseas.

Japan has actively supported and contributed to regional Asia-Pacific initiatives. Plans for regional financial cooperation such as the Chiang Mai Initiative (CMI) have gathered momentum in recent years and have been quite markedly shaped by Japanese proposals. During the period under review, however, measures such as the establishment of the ASEAN+3 Macroeconomic Research Office in Singapore in May 2011, a body that will play a key role in the CMI, have to a large extent been shaped by Chinese rather than Japanese interests.

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

### Organizational Reform

Self-monitoring  
Score: 7

Governmental institutional reform has been a major topic of consideration and debate in Japanese politics for more than a decade. The Noda cabinet (2011 – 2012), and to some extent also the Kan cabinet (2010 – 2011), drew lessons from the perceived institutional failures of reforms made under Prime Minister Hatoyama (2009 – 2010), and again introduced quite significant changes. The subsequent LDP-led government also tried to readjust institutional arrangements by establishing and/or reinvigorating a number of councils and committees. However, the degree of institutional change during the period under review was far less pronounced than in 2009.

Institutional Reform  
Score: 5

The lack of a government-party majority in the upper house after 2010 made the passage of significant reform bills impossible. Moreover, the failed DPJ-led reform initiative during the period under review demonstrated the difficulties of trying to transplant elements from another political system (in this case, Westminster-style Cabinet-centered policymaking) into a political environment with long-established independent traditions.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy Knowledge  
Score: 7

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

However, while there is plenty of official government information, this does not necessarily mean that citizens feel satisfied or consider the information trustworthy. A 2007 survey found that no more than a respective 38% and 37% NHK and newspapers are reliable sources of information.

In addition, the 3/11 disasters and their consequences significantly increased public doubts about the reliability of policy information provided by the government. With respect to the planning and operation of the nuclear power plants, for instance, it has since become known that the choice of the original reactor architecture was probably suboptimal, that locations were extremely carelessly chosen, and that regulatory oversight was not effective.

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 3

Parliamentarians in Japan do not have the means to do an independent assessment of policy proposals. Each parliamentarian can employ three public secretaries, who are paid through an annual fund totaling JPY 20 million (about €150,000 in spring 2013), and who are primarily used for the purposes of representation at home and in Tokyo. The lower house has a Legislative Bureau tasked with supporting parliamentarians in their legislative work, but the total staff size of about 80 individuals is far too small to cover all relevant policy fields competently. The National Diet Library is the country's premier library, with support of parliament among its primary objectives. However, its role is quite limited beyond responding to general information queries, offering seminars, and other general tasks.



Recent debate on parliamentary reform has focused on reducing the number of seats (for financial and other reasons). Providing legislative actors with additional resources is unlikely to be on the agenda anytime soon, as the political system is designed to have bills drafted elsewhere.

Obtaining  
Documents  
Score: 9

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

Summoning  
Ministers  
Score: 9

Committees may request the attendance of ministers and lower-ranking top ministry personnel, such as senior vice-ministers, among others. Under the DPJ-led governments, appointed politicians rather than senior bureaucrats were expected to interact directly with parliament.

Summoning Experts  
Score: 7

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

Task Area  
Congruence  
Score: 9

The Diet's standing committees (17 in both the lower and upper houses) 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., on consumer affairs, Okinawa and Northern Territories, science and technology, etc.). Special committees can and have been set up to deal with current (or recurring) issues; for example, following the 3/11 disasters, special committees on Reconstruction after the Great East Japan Earthquake and on Investigation of Nuclear Power Issues were established.

Audit Office  
Score: 5

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

Ombuds Office  
Score: 5

In October 2012, the board revealed that a significant quantity of funds earmarked for the reconstruction of the devastated areas of northeastern Japan had been misspent, fulfilling its independent watchdog function in this high-profile case.

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

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

Citation:

Asian Ombudsman Association: AOA Fact Sheet - Administrative Evaluation Bureau, Japan, [http://asianombudsman.com/ORC/factsheets/2010\\_4\\_22\\_FINAL\\_JAPAN\\_Fact\\_Sheet\\_Member\\_Profile.pdf](http://asianombudsman.com/ORC/factsheets/2010_4_22_FINAL_JAPAN_Fact_Sheet_Member_Profile.pdf)

## Media

Media Reporting  
Score: 7

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

The 3/11 disaster undermined public trust in leading media organizations, while spotlighting the emerging role played by new social media such as Twitter, Facebook and YouTube. Intellectuals blamed the established media for their tame reporting and their lack of clarity with respect to the dangerous situation in and around Fukushima. The lack of serious journalistic coverage of

the cozy relationships between the state, the electric power industry and mainstream scientists was also criticized. However, according to a Nomura Research Institute poll taken shortly after the 3/11 events, 29% of respondents said they had more trust in NHK than previously, while 13% said their trust in individual social-media sites had risen. These figures were surprisingly positive for the established channels of information.

### Parties and Interest Associations

Intra-party  
Democracy  
Score: 3

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

Major parties currently include the LDP, the DPJ and the Restoration Party (Ishin no Kai, JRP). The LDP has traditionally revolved around individual politicians, their personal local-support organizations and the intraparty factions that divide lawmakers (although the importance of factionalism has declined since the 1990s). Ordinary party-member involvement is usually limited to membership in a local support organization and is based on mutual material interests: While members want political and hopefully tangible support for their communities, the politician at the group’s head wants public support for his or her (re-) election. Even party congresses offer little real opportunity for policy input by delegates. However, delegates from regional party branches have taken part in selecting party leaders since the early 2000s, with some branches basing their eventual choice on the outcome of local primaries. While the LDP has also paid some lip service to increased intraparty democracy, it has shied away from major internal reforms aimed at making the party more open and inclusive.

The DPJ is somewhat less institutionalized in terms of internal groupings and support organizations, but basically follows a similar pattern. It has experimented with open calls for recruiting parliamentary candidates (with the LDP having recently followed suit in cases where there is no incumbent or designated candidate). The DPJ has also allowed party members and other registered supporters to take part in a few leadership elections over the years. In its 2009 election manifesto, the DPJ called for the abolition of hereditary seats, but the party’s programmatic and personnel decisions are still controlled

Association  
Competence  
(Business)  
Score: 7

by insider circles. The Restoration Party entered national politics only in September 2012, but did well in the 2012 general election thanks to voters dissatisfied with the established parties. The party has been very much driven by its founder Toru Hashimoto, the mayor of Osaka. At the parliamentary level, former governor of Tokyo, Shintaro Ishihara, has been very influential. Thus, the JRP remains a loosely coupled, leader-centered party.

Japan's leading business and labor organizations regularly prepare topical policy proposals aimed at stirring public debate and influencing government policymaking. The three umbrella business federations – Keidanren (formerly Nippon Keidanren), the Japan Association of Corporate Executives (Doyukai), and the Japanese Chamber of Industry and Commerce (Nissho) – as well as Rengo, the leading trade-union federation, make their impact felt not only by publishing policy papers, but also through their membership in government advisory committees. As the business sector's financial support of political parties has declined, 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. In December 2011, Seidanren, a new business federation comprised of retailers, household-goods makers, consumer associations and various consumer-oriented firms held its first meeting in Tokyo, with a particular focus on consumer issues.

Association  
Competence  
(Others)  
Score: 4

Civil-society organizations with a public-policy focus are rare in Japan. Until 1998, it was very difficult to find such an organization and ensure a steady flow of membership contributions and/or donations. The Non-Profit Organization Law of 1998 made the incorporation of such bodies easier but many bureaucratic and financial challenges remain. With a few sectoral exceptions, the depth and breadth of such organizations in Japan thus remains limited. Japan also lacks a well-developed think-tank scene. It should also be noted that some non-profit organizations are used by the government bureaucracy as auxiliary mechanisms in areas where it cannot or does not want to become directly involved. The incompetence of many state actors during the immediate aftermath of the 3/11 disasters has led to renewed calls for the development of civil-society mechanisms. Optimism on the part of dedicated activists notwithstanding, it will be difficult for such actors to create professionally operating, sustainable organizations.

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