Sub-Module 3: Public Administration in Japan
- An Overview -

1. Introduction

In 1995, Japan celebrated the centennial of its introduction of the cabinet system. Exactly one hundred years previously, as part of a move toward modernization, leaders of Japan's oligarchy instituted a cabinet form of government, the first in the nation's history. The creation of this cabinet system eventually led to both the enactment of the Meiji Constitution (1889) and the erection of the national legislature (1890), both of which were significant, as they represented a conscious political effort and mirrored the view of the Meiji leaders. In the opinion of the oligarchs, the executive branch embodied the will of the emperor, and the national administration, as an extension of the imperial will, should be regarded as more critical than its legislative counterpart. The introduction of the cabinet system of government in 1885 marks an important watershed in the development of the administrative state in Japan.

Japanese bureaucracy frequently possesses powers disproportionate to its small size, such as discretionary authorities, licensing approval, and various mechanisms of control over local governments. As will be discussed later, of the 835,000 national bureaucratic officials, about 4,000 are classified as *elite,* evidence that Japan's mandarin tradition still lingers. These *elite* form the nucleus and leadership of the central bureaucracy, and in fact, control formal and informal powers of government. In many instances, the power of these exalted administrators overshadows the role and function of the national legislature. The prominence of bureaucrats is reflected in the selection of the country's leadership in the post-war period, when politicians with former bureaucratic careers took control of the Prime Minister's office, especially during the sixties and seventies. These included such important names as Prime Ministers Ikeda Hayato (1960-1964) and Sato Eisaku (1964-1972). It was under these leaderships that Japan made giant strides in economic development.

The Japanese public has long been ambivalent towards these elite national officials. Attributing Japan's post-war prosperity to the competence of these bureaucrats, the public has respected these officials, and has placed confidence and trust in their professionalism and stewardship. At the same time, observing public officials' arrogance, and their contempt for

average citizens, ordinary Japanese have often disliked them. As much as they admire their results, the Japanese feel distaste for these officials and abhor the power of the central bureaucracy.

Recently, there have been indications of a decline in both the power and prestige of these bureaucrats. Where they were formerly held in some esteem, bureaucrats have now become frequent targets of public criticism and ridicule. One very valid reason for this change is the exposure of corruption and wrongdoing in such prestigious ministries as Finance and Health and Welfare, where several important, high-level public officials were found guilty of graft, having been bribed or rewarded by private interests. However few in number, the discovery of these and similar examples have created a negative view of these Mandarins in the eyes of the Japanese public.

2. The “True” Size of Japanese Government

Government in Japan is actually rather small. Approximately, 970,000 persons are classified as central public officials. Of those, 307,000 are designated as “special posts,” which include ministers of state, ambassadors, and Self-Defense Forces (SDF) personnel, while the remaining 664,000 are employed in general purpose government affairs. A further 3,200,000 work for various local governments. Of that number, 75,000 hold such special positions as chief and deputy chief executives, local elective officials, and members of independent commissions, while the remainder deals with local public management affairs. In total, there are roughly 4.7 million civil servants in Japan.

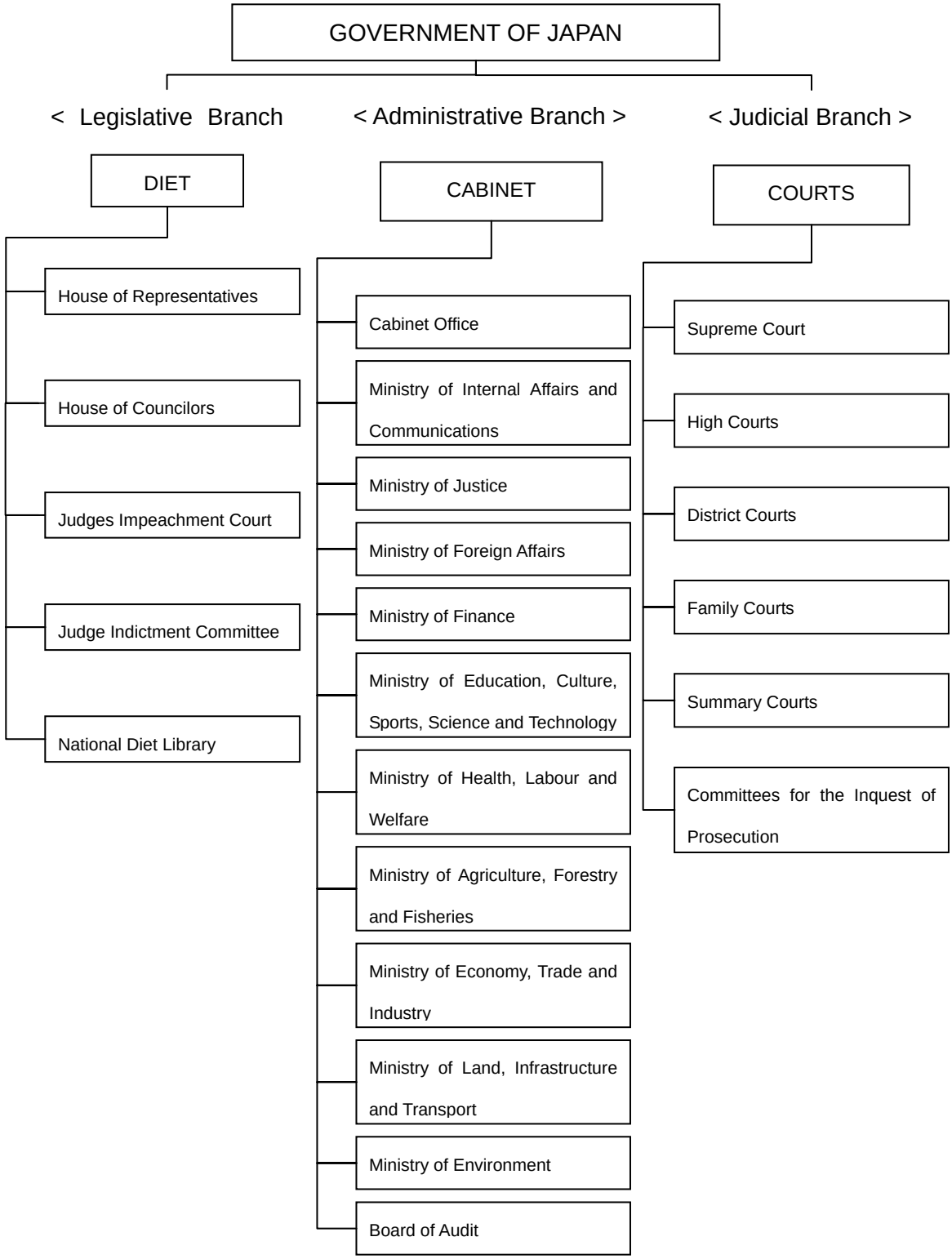
Although the true size of government is always debatable in any country, comparative statistics by the Ministry of Internal Affairs and Communication show that the size of Japanese government is relatively modest, at least among leading industrialized countries. Measuring the public sector in terms of total population, the outcome roughly equals 35 public officials per thousand Japanese. This ratio more than doubles to 80.6 in the United States; in the United Kingdom the number increases to 73, and France has 96.3 public officials per thousand.

One of the major reasons for the higher “government per population” ratio in these countries is the large size of their militaries. In contrast, thanks to the Renunciation of War clause in the post-war Constitution, Japan has been able to avoid instituting a large military. By law, the SDF is allowed to keep 277,000 soldiers on active duty; in fact, however, recruitment is usually a problem. The young and physically fit are not willing to take grueling training in military camp; consequently, Japan’s SDF are constantly understaffed. At present, the semi-military SDF organization involves 163,000 Ground, 46,000 Maritime, and 47,000 Air troops. In comparison, the U.S. Armed Forces alone total more than 1.4 million, in addition to the same number of service personnel in reserve. Such an enormous military naturally increases the total number of those in the public sector in the U.S.

Another reason for the small size of government in Japan is the limited number of school teachers. Compared with other industrialized countries, the number of instructors in elementary, junior and high schools is fairly low. Data from the year 2003 indicate that 413,000 teach at elementary school, 252,000 are involved in junior high schools, and an additional 259,000 are high school instructors (Japan Almanac, 2004: 221), for a total of 924,000 teachers. In the U.S., a staggering 3.6 million teachers work at either elementary or secondary

schools (World Almanac, 2002: 232).

Figure1.Government System in Japan

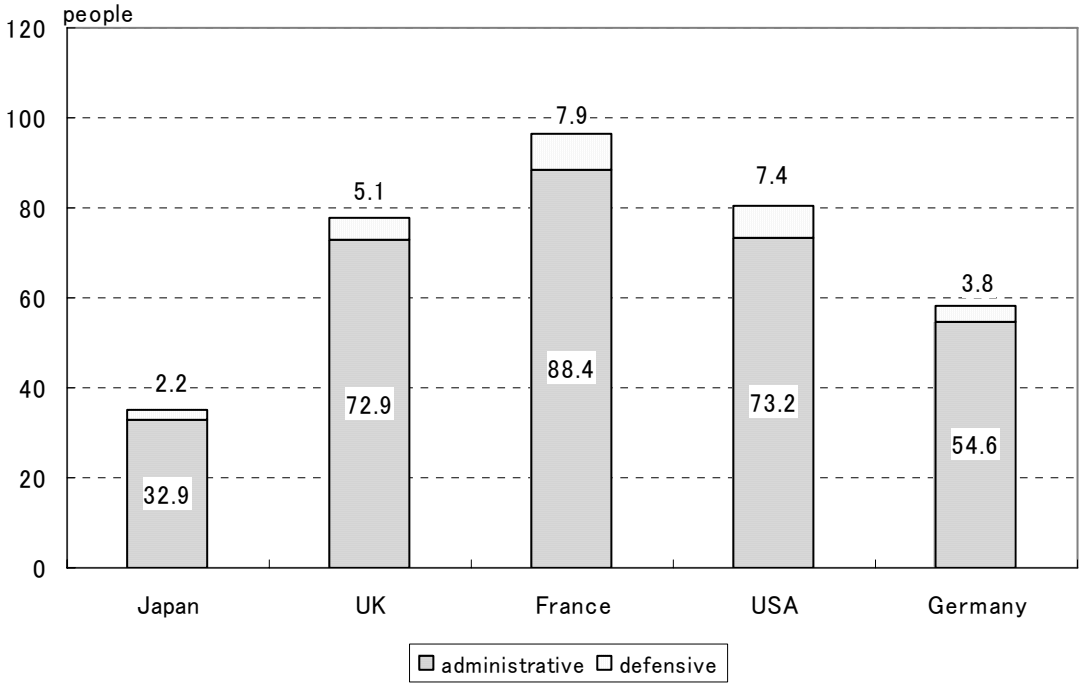


Source: Institute of Administrative Management, *Organization of the Government of Japan2003*, 2003.

There is some argument that the number of Japanese government personnel has been underrated, because two issues skew the total: the frequent use of part time workers, and the secondment of local government employees to central government. They point, for instance, to Japan's central government keeping a large pool of part time workers who often perform the same functions as those of the regular personnel, but who are not reflected in the tally. The total also does not mirror those local government officials who are temporarily assigned to work for the central agencies as assistants to the national bureaucrats. Although the exact number remains unclear, many agencies ordinarily encourage sub-national governments to send several talented local employees to the center. They will eventually become important transmitting belt between two different levels of government. However, the truth is that those local officials would only serve as helping subsidiary hands to the national agencies.

Table1. International-Comparison of the Number of Public Officials

Per thousand of the population



Source: Institute of Administrative Management, *Organization of the Government of Japan2003*, 2003.

3. Recruiting the Cream of the Crop: The Selection of Elite Bureaucrats

Japan's public sector includes a group of central government personnel who are popularly known as "*Kanryo*" or elite bureaucrats. Of 664,000 general service officials in the central government, roughly 10,000 enjoy this informal designation. They are the ones who have passed the most competitive national civil service examinations. Perceived as the cream of the crop, these elites play critical roles in the social management of the country. Not only are they important in government, they are also eminent in the private sector, as many of them take post-retirement positions as presidents or board members of large corporations.

In Japan, an independent organization, the National Personnel Authority (NPA) administers the various civil service examinations for the central government, providing screenings that are impartial, competitive, and open. At the central level, examinations are divided into three types: Class One, for elite professionals, Class Two, for those on the non-career track, and Class Three, for clerical non-professional personnel. Of the three, Class One is the most competitive and highly sought. One of the reasons is found in a popular Japanese saying that remains true to the Chinese Mandarin tradition: "The Public (Government) is revered, while the Private (Business) is despised." This informal proverb holds true even now: young and talented Japanese prefer public service to the private sector for career development. Perhaps because of this Mandarin tradition, the number of applications for the Class One examination has remained substantial, as indicated by the following description.

The Class One exam is divided into several categories: Social Sciences, Science and Technology, and Agriculture and Biosciences. Of these three, the Social Sciences category is the most important, and is further divided into three professional specifications: Jurisprudence, Public Administration, and Economics. Those who pass a Class One examination under one of these categories will eventually enjoy special status as selected bureaucrats, or *Kanryo*.

Only those who are between 21 and 23 years old are eligible to apply to write a Class One test. The test consists of three segments. First a multiple choice examination tests applicants' general knowledge on various topics, in addition to proper judgment and mathematical skills. In 2005, of the more than 18,000 applicants, only 1,388 qualified at the first level. They then moved to the second test, which involved writing essays on a number of different subjects. In the area of public administration, for instance, a question might be about New Public Management and its implications for Japanese national government.

Following this second screening, the students are informed of their scores, and relative ranking among the finalists. (Only 760 candidates remained as finalists in 2005.) Students ranked at the top of the list then visit different agencies for job interviews. They most probably go to the Ministries of Finance, Internal Affairs and Communications, or National Land and Transportation. Students ranked in the bottom half of the total may give up on employment in the central government, and instead take another examination for prefectural or other local government officials.

Once the results of the second test are in, the third stage examination will begin, but the format of this test is entirely different. The National Personnel Agency is no longer involved in the final stage; instead, each agency is responsible for conducting interviews for the finalists. Each agency is also accountable for making the final hiring decisions. For this purpose, various central government bureaus have sections, usually titled the Department of either General Affairs or Secretariats, which specialize in the recruitment of talented fresh college graduates. The officials in these sections receive visits by qualified students and hold interviews, after which each agency eventually announces the list of new recruits.

In 2003, of 763 finalists, only 284 were appointed as new employees in various agencies, and among these new elite officials, only 53 were females. The Internal Affairs and Communication Ministry hired the largest number, 39, followed by the Ministry of Economy, Trade and Industry, which took 26. There is one note of importance with regard to these candidates: more than 80% of them are graduates of the University of Tokyo, School of Law, which is not a professional law school, but an undergraduate liberal art college. This figure is not unexpected, however, as Tokyo University was originally founded in 1877 as a training ground for Japanese public officials.

Many Japanese find the dominance of Tokyo University graduates in the central government highly problematic, claiming that some of the recruits are not up to public expectations, and are hired because of school ties. Critics feel that this old boy university network diminishes the quality of public management. Personnel management reform has thus become a major reform issue in Japanese contemporary politics.

4. Elitism and Sense of National Missions among Public Officials

Japan's central government has traditionally kept a distinctive elite orientation, with a cohort of selected personnel. Class One qualifiers are popularly nicknamed "bullet trains," because their promotion within the agencies tends to be quite rapid. Class Two and Three bureaucrats perform support functions and help the elite bureaucrats to make critical policy decisions. These support officials have no or little prospect of going beyond the managerial position within a specific agency, as career discrimination between Class One and others has been inflexible, and one of the most prominent features of personnel management in Japan's central bureaucracy.

This elitist orientation at the center has generated several interesting outcomes. First, the Class One *Kanryo* qualifiers tend to receive special treatment from the outset. Even while they are young, they are regarded as the future leaders of the agencies and cared for accordingly. This handling helps to generate a strong sense of mission among these young bureaucrats. They are inclined to study and work hard, usually putting in long hours in the office and consuming managerial know-how as much as they possibly can. As will be further elaborated later, these young elites are encouraged to come up with many policy options, and to try to draft new programs and submit them to their superiors. Some of these submissions will become actual bills to be considered by an entire agency and eventually to be deliberated in the national legislature.

Young and prospective bureaucrats, feeling that they differ from other officials, strive to prove this perception by accumulating knowledge, even as they are also required to improve their expertise in policy affairs. For these reasons, it is customary for young elite officials to form study groups that gather after work to discuss and exchange views on many issues of significance within the corps. Discussions often last till midnight: in *Kasumigaseki*, the central location of Japan's national agencies, various rooms in the agencies remain lighted even after 12 o'clock at night. These young elites in the central government put in long and strenuous hours, which would be very difficult were they not imbued with strong tinges of both elitism and national mission.

Elitism also contributes to the control of corruption and malfeasance in the central bureaucracy. As in any other country, graft by public officials occurs. In fact, the problem has been increasing: one account indicates that the number of officials who have been punished or

reprimanded has grown by 2.3 times in the last few years. Most of the incidents have been misdemeanors and other minor offenses; such serious misconduct as embezzlement and bribery remains extremely limited. Wrongdoing by *Kanryo* bureaucrats has been rare, and exposure has had a shattering effect on the public. Ten years ago, Japan was stunned to learn of instances of serious graft committed by elite bureaucrats. One of the worst cases concerned Ministry of Finance officials, who were entertained daily by commercial bank executives at golf courses and night clubs for over a year. Both bank and government officials were subsequently arrested on criminal charges. In another incident, a vice minister in the Health Ministry was bought off by a pharmaceutical firm, which gave him a condominium and extra cash to furnish it. He was charged, and received a suspended sentence. Since these incidents involved the respected and select Mandarins, the issue became a media target. Extensive TV coverage diminished the integrity of the central bureaucracy in the eyes of the public.

Table2.Number of Disciplinary Actions (2003)

unit: people

	Dismissal	Suspension from duty	Reduction in remuneration	Reprimand	Total
Illegal activity related to employee organizations	0	0	0	0	0
Irregularity related to general service discipline (absence,disturbance of order in the office,etc.)	3	51	283	272	609
Irregularity related to the transaction of daily work	1	16	253	459	729
Irregularity related to the handling of public money or property (loss,illegal handling,etc.)	20	12	187	443	662
Unlawful acquisition of public money or property (embezzlement,etc.)	105	10	21	28	164
Illegal acceptance of benefits on connection with official duties (bribe-talking,etc.)	1	1	2	4	8
Traffic offenses	2	19	154	71	246
General misconduct (theft,injury,etc.)	30	54	98	49	231
Lack of supervisory responsibility	0	5	66	6	197
Total	162	8	1,064	1,452	2,846

Source: National Personnel Authority, Government of Japan, *Annual Report FY2003* (April, 2003- March, 2004), 2004, pp.180-181. (In English)

Unfortunately, as in many other countries, instances of government corruption continue in one

form or another in Japan's national government. Comparatively speaking, however, incidents are few, isolated, and exceptions to the norm. The majority of Japanese public officials, whether on elite or non-elite tracks, are diligent, honest, and dedicated. In 2003 the 2,846 officials were punished or reprimanded at the central government level. Of that number, more than 2,200 offenses occurred at Japan Post, an independent postal service organization that has been under public scrutiny and will probably be privatized. According to government data, of the total cases in 2003, 162 (5.7%) involved disciplinary dismissals, of which 105 (3.7%) were for embezzlement. An additional 168 (5.9%) were suspended from work, many of them charged with misdemeanors outside duty hours. More than 1,000 officials received pay cuts for misconduct, including absence from work and loss of documents.

One reason for the low rate of corruption among Japanese bureaucrats is the frequency of training and education. As soon as young recruits become public officials, they immediately receive training on a variety of subjects, including theory and practice of public management, taxation, performance measurement, policy making, work ethic, etc. These courses are repeated at regular intervals, and even high ranking managing staff and directors of various bureaus are required to take part. For these training seminars, the central government has prepared several centers, where trainees stay for different periods of time, depending on their professional level. Some trainees are required to stay for six months, while others are there for only a day. It is likely that a few officials find this compulsory training a nuisance. However, there seems little doubt that continuous training and education help to improve the quality of management skills and ethics. This is one concept that Japan's central government should proudly export to other nations.

5. Policy-Making Function of Japanese Public Officials

The administrative branch of Japanese government does not remain at "the pleasure of the national legislature." The country's public officials have been quite positive and aggressive; in fact, more than 90% of bills deliberated in the legislative branch are formulated by these administrators. These bills are submitted to the lawmaking branch (the Diet) as Cabinet proposals (*Naikaku Ho*), and more than 92% are subsequently approved and made into law.

In contrast to the situation enjoyed by eminent bureaucrats, Japan's national legislators lack sufficient support staff, and therefore often find it extremely cumbersome to contrive policy agendas by themselves. Even when they manage to produce a bill, it has to be screened for wording and conflict with other legislations. As the majority of Japan's lawmakers lack professional legal training, they must depend on the country's bureaucrats to take care of these tasks. On rare occasions, bills formulated by legislators come to the floor of the chamber, but their chances of passing the Diet are slim -- the success rate has been less than 10%. One explanation for the high failure rate is that the opposition tries to harass the incumbent administration.

Japanese administrators create positive effects in other ways. They meet daily with different groups and attend to their demands on government. Some of these groups might represent the handicapped or the aged; often they have traveled all the way from a rural area to the capital to make their request for better services and subsidies. In addition, Japanese public officials must also receive business groups and labor unions, which also make demands on the central administrators. Unlike other countries, many pressure groups in Japan try to reach administrators, rather than lawmakers, because the central bureaucracy often initiates new programs. Further, even if the representative of an organization talks to a legislator, chances are that the lawmaker will pass the issue on to related public agencies for consideration. In order to save time, it is more practical to get in touch directly with the central bureaucracy for requests and demands. Central agencies in Tokyo feature large groups of people waiting in line in narrow hallways -- they are in the agency trying to meet the bureaucrats.

Under current Japanese politics, three groups primarily initiate policy. The first group, the elite *Kanryo* previously described, comprises one of the major and most eminent sources of new policies and programs. As noted, usually more that 90 per cent of all bills made into laws by the Diet are drafted and prepared by these personnel.

By the very nature of their profession, the *Kanryo* regularly monitor diverse social issues and problems, from which they recurrently find needs for new policies or programs. For instance, laws and regulations in the area of consumer affairs and pollution control often spin off from these *Kanryo* concerns. In addition, these public officials are daily obliged to deal with various interest groups and organizations that make claims on government. This is especially intense and critical in Japan, since the central bureaucrats command a large number of licensing and approval powers (as of 1994, more than 10,000 items). Japanese bureaucrats often respond to the demands of these groups in the form of public policies. Price control of farming commodities and the licensing of trucking industries are two examples of the policies that the *Kanryo* have initiated after prolonged bargaining with interest groups.

The second important source for new policy introduction is the members of the national legislature. Studies indicate that the turnover rate of Japanese Diet members is quite high (for instance, compared to the House of Representatives in the United States), but their elections are also extremely competitive, particularly for the Lower House members of the Diet. With their tenure precarious, freshmen and junior members of the national legislature constantly find themselves pressing to consolidate their constituencies. Naturally, they become highly attentive to their election districts and support organizations, and customarily try to introduce their supporters' demands on the agenda of national politics in Tokyo.

Many studies have noted that, measured against representatives of other countries, the backbenchers of Japan's national legislature are extremely sensitive to the opinions and requests of their constituents. They seek new policies in the form of subsidies and public works for the sake of their support organizations and constituencies. Until 1985, when administrative reforms took effect, various types of subsidies and public works were flagrantly earmarked for rural districts, the bedrock of conservative politics in Japan.

Top government officials comprise the third source of policy initiative. Unlike the leaders of The United States or Britain, the Japanese Prime Minister traditionally lacks power and leadership. Because of the factional nature of conservative politics, Prime Ministers must constantly seek the support of various groups within the ruling party, and manage a delicate, balanced coalition, in order for government to survive in the volatile ocean of Japanese politics.

Despite being politically weak, the Japanese prime minister is an important policy initiator. Occasionally in the name of the cabinet, he makes a public statement on a critical issue, and

then tries to capitalize on it in the form of a new policy. For many years, current Prime Minister Junichiro Koizumi advocated the privatization of Japan's postal services, recommending dividing the services into several private companies, which would virtually reshape the financial landscape of the country. However, adamant opposition existed within several factions of the Liberal Democratic Party. A head-on collision came on August 8, 2005, when the Upper House decided the fate of Koizumi's pet project, killing the proposed bill after a long process of behind-the-scene deals. Koizumi immediately dissolved the Lower House, called for an election, and decided to ask the public about the privatization of postal services. In the Japanese political tradition, such strong leadership in a Prime Minister is rare, and Koizumi' tenacity amazed even his critics.

6. “Bottom-Up” Decision Making Process

6-1 Intra-Agency Policy Coordination

A "bottom-up" method of making decisions distinguishes the Japanese style of policy formulation from that of other countries. In the Japanese administrative process, whether a new idea or request comes from the prime minister or a ranking member of the conservative party makes little difference. No matter who initiates an original idea, the actual groundwork is always carried out by qualified junior members of a specific section (*Ka*) in a particular ministry. The young and junior *Kanryo* are always responsible for studying a problem in detail and coming up with an appropriate bill for eventual submission to the Diet.

In addition to this "bottom-up" approach, the Japanese policy-making process is unique in yet another way. In Japan, even junior clerks fresh out of college are encouraged to do independent studies of various important issues, and based on their research, are often allowed to make critical proposals for projects or policies that concern their agencies. This practice is not confined to the public sector: subordinate members of corporations occasionally play a major role in making significant business decisions. Examples are abundant. Sony's now-famous "Walkman" came via this bottom-up route, as did Honda's popular car, "City".

To offer an example, a top-ranking public official in the Ministry of Land, Infrastructure and Transport might ask his junior assistants to review his idea on a new housing project and to develop it into final legislative form. Similarly, the same group of subordinates in the Ministry could also be called upon by a ranking member of the Diet, who would request a young *Kanryo* to examine the feasibility of a new airport construction in his constituency. At the same time, the prime minister himself might express his personal concern over the same issue and order the Ministry of Land, Infrastructure and Transport to explore the possibility of a new bill which would enable American firms to participate in that airport construction.

Whenever issues of such significance arise, a section manager (*Kacho*), with the help of an assistant manager and other subordinates in a particular ministry, organizes a task force to deal with the specific assignment. The task force generally involves approximately ten individuals from the same section (*ka*), and is usually spearheaded by the manager, although it is often led by a senior director (*Shingi Kan*), especially if the assignment is highly critical to the ministry. The task force is comprised of officials, most likely in their mid-thirties or early forties, from two groups with separate career paths. Some of them, having passed a competitive civil service

examination, possess the elite *Kanryo* qualification discussed above, while others, without this designation, are on a lower-grade personnel track. However, these two cohorts cooperate and work as a group, studying and discussing the assigned problem from various perspectives, and periodically seeking expert opinions from outside the ministry.

These junior members tend to discuss the issue until everyone agrees and unanimous consent is reached. In Japan, making decisions by any form of vote is eschewed as much as possible. Instead, unanimity among participants is highly valued and sought for the sake of group harmony and satisfaction. This principle holds even when a stalemate arises. In an impasse, Japanese generally tend to keep debating until persuasion takes effect and a compromise is worked out. In fact, persuasion and compromise are two essentials in the Japanese way of resolving differences.

6-2 Making a Bill into Law in Japan

Once a draft bill has been successfully developed in a particular ministry, it then undergoes an in-house screening. For instance, all legislation drafted within the Ministry of Internal Affairs and Communications must be scrutinized by the Committee of Legislative Screening (*Horei Shinsakai*) composed of a number of managers within the ministry. This formal procedure is not necessarily followed, however. To save time, the committee is often not assembled; instead, a bill is circulated among the managers concerned for approval (*Mochi Mawari*). During this period, free exchange of opinions is encouraged; this in-house review is an arena for expressing opposition and proposing alternatives.

According to the manual for law-making in the Ministry of Internal Affairs and Communications, following the intra-ministerial review, the bill must be moved forward to the Document Control Section (*Bunsho Ka*) within the same agency for further examination. This section first examines the bill with reference to the use of language and expression, and checks for technical problems. In addition, the Document Control Section also audits the bill in terms of in-house coordination, to avoid conflicts and incongruities among various policies and programs of the ministry. This fine tuning period is the final phase before the bill leaves the ministry for cross-ministerial scrutiny and coordination.

At any point while a ministry is developing a bill, both formal and informal attempts to secure cross-ministerial policy discussion and coordination take place simultaneously. Issues such as airport construction or agricultural subsidies, for instance, involve financial considerations;

therefore, the relevant ministries must keep in close contact with the Ministry of Finance, to discuss the financial feasibility of the proposals. Often, however, the influential Finance Ministry dictates various public policies for minor agencies.

Formal procedure dictates that if a bill involves monetary requests, the Document Control Section of the proposing ministry must prepare a summary sheet of the legislation and submit it to both the Bureau of Budget in the Ministry of Finance (*Shukei Kyoku*) and the Office of Assistant Cabinet Directors (*Naikaku Sanjikan Shitsu*) for clarification. If the bill has no financial aspect, however, several copies of the legislation will be sent to the Bureau of Legislation in the Office of Cabinet (*Naikaku Hosei Kyoku*) for legal review. A typical summary sheet contains:

1) Name of the proposed legislation
2) Reasons for the need of this bill
3) A summary of the proposed legislation
4) Estimated cost of the bill
5) Process and stage of consultations with other related agencies
6) Names of officials in charge of this legislation

As well as the formal process, law-making often involves important informal contacts and negotiations. The proposing ministry of any bill dealing with elimination, reform, or the creation of an office in one of the central agencies checks its feasibility and appropriateness with the Management and Coordination Agency. Similarly, if a program bears directly on international affairs, the initiating ministry seeks both consensus and blessing from the Ministry of Foreign Affairs. In this fashion, each ministry in Japan's central administration tries to maintain both informal and formal channels of communication with other agencies.

In one unfortunate example of what can occur, in 1976, the Environmental Protection Agency wrote a very comprehensive Environmental Impact Assessment Act. However, because it was so extensive, the proposal overlapped the jurisdictions of the Ministries of International Trade and Industries (MITI). When the EPA sought informal consultation and consent on this bill with these agencies, it encountered unexpected rebuffs. In fact, the objection to the bill on the part of both the MITI and Construction Ministry was so adamant that the EPA was forced to drop two critical provisions (construction of electric power generators and urban development) from the original draft, as both were thought to infringe upon the authorities of these two powerful agencies. (Incidentally, after ten years of political wrangling, the national legislature declared the Environmental Impact Assessment Act null and void in 1986, and it has been shelved, at

least for the time being.)

The EPA case outlined above is unusual. Agencies in Japan's central administration try to avoid open conflict with other agencies, and instead try to work out some compromises. One way that agencies facilitate concessions is to exchange semi-secret memos (O*boegaki*). When the Ministry of Internal Affairs and Communications is planning a new international program, for example, will negotiate with, and likely send a memorandum to the Ministry of Foreign Affairs, specifying the nature and extent of its overseas activities, and promising that its international program will not infringe upon the established jurisdiction and power of the Foreign Affairs Ministry. This record, usually signed by the highest ranking career bureaucrats in the respective ministries, serves as a document and evidence against any future violation of the accord by the signatories on either side.

In these circumstances, it is again important to note that an overwhelming number of *Kanryo* public officials are graduates of the University of Tokyo, particularly its School of Law (*Hogaku-Bu*), the major source of Japanese leaders in various fields. Chances are high, therefore, that the members of the Finance and Construction Ministries who maintain daily contact over different projects are former classmates. This old college tie is often very important in Japan, and may facilitate informal communication among different ministries.

7. Ironing Out Conflicts in Making Public Policy

There are several additional formal processes for ironing out discrepancies between agencies that may affect proposed bills. The first is a meeting of the managers of the Document Control Section of various ministries (*Bunsho Kacho Kaigi*), along with staff members from both the Office of Assistant Cabinet Directors and the Bureau of Legislation in the Office of Cabinet. Together, they try to work out a number of important schedules for determining the fate of bills initiated by various ministries. This cross-ministerial conference customarily sets the dates for the agencies to place their proposed bills in Bureau of Legislation in the Office of Cabinet, where they will be given final legal scrutiny for any technical errors. In addition, this multi-agency meeting also decides the dates for assorted bills to be submitted to the Diet.

Another important venue for policy coordination is the bi-weekly meetings of the Deputy Minister (*Jimu Jikan*), the highest-ranking official of Japan's central bureaucracies. The Deputy Minister heads one of the national agencies and represents its interests vis-à-vis other ministries. The *Jimu Jikan* meeting assembles every Monday and Thursday at noon, preceding the Tuesday and Friday cabinet meetings. A major objective of these bi-weekly conferences, which are chaired by the deputy cabinet secretary, is to keep each agency informed of the various activities of other ministries. However, more importantly, the meetings function as a vehicle for negotiation between competing ministries over any policy discord.

Although the deputy ministers' conference has been significant in alleviating policy differences among Japan's national ministries, a number of inside reports indicate its importance is being reduced. In fact, many officials familiar with the inner workings of *Jimu Jikan* have pointed out that serious opposition has barely been raised in recent conferences. Advancing an objection in this meeting is commonly referred to as "*Teo Ageru*," or “to raise one's hand,” a practice that has become extremely rare, possibly because bills and programs tend to be smoothed out by officials in the lower echelons of the bureaucracies. Increasingly, disputes are being resolved long before the legislation comes to the hands of the deputy ministers.

The Cabinet Secretariat (*Naikaku Kanbo*) represents the final significant mechanism for resolving policy differences. Policy conflict and program rivalry among ministries have long been problems in Japan's central administration, with various governments proposing reforms to alleviate the problem. One mechanism tried by many successive governments is to reinforce the role and function of the Cabinet Secretariat.

Theoretically the nerve center of the Japanese national administration, the Cabinet Secretariat not only resides at the top of many agencies, but also comes under the direct control of the Prime Minister. The Secretariat is supposed to function as a clearinghouse for competing policies and programs from different ministries, seeking to coordinate these conflicting policies and producing well-orchestrated programs. However, many experts claim that it has rarely been able to meet these prescribed functions, and hold that in terms of prestige and power, such line agencies as the Ministry of Finance or the MITI often overshadow this staff organization. Some academics think that the Cabinet Secretariat has remained a minor agency, providing only nominal support to the prime minister.

Several governments have attempted to remodel the Cabinet Secretariat, to expand its role and status. In 1966, the government upgraded the position of Cabinet Secretary, which has since increased in importance to the rank of minister of state. Twenty years later, the Nakasone administration changed the internal structure of the office with the intent of making the Secretariat a center for policy coordination. This reform led to the creation of two important sections in the Secretariat, staffed by officials seconded from each ministry: the Office of Domestic Policy Analysis (*Naisei Shingi Shitsu*), and the Office of Foreign Policy Analysis (*Gaisei Shingi Shitsu*). The directors of these two offices have been upgraded to senior *kanryo* officials, with status similar to a deputy minister of state.

8. Financial and Non-Financial Rewards for Public Officials

In Japan, lifetime employment has traditionally been a social norm, a situation that is changing in the private sector, but remains entrenched in the public sector. The rate of job retention in central government is high: rarely do Japanese government officials change jobs in the middle of their careers. Once they have successfully passed the civil service examination, they tend to stay put in the public sector. Two reasons may account for this career custom. One is job security: those who seek government employment are often looking for an occupation safety net, which is not guaranteed in the private sector. Further, many young people seek government employment because it offers tangible and intangible "perks," such as post-retirement employment.

It has been customary for retiring public officials to get a new job in the private sector after leaving government service. In fact, for elite career bureaucrats, the system has been so well established that the practice has been labeled the "Descent from Heaven." Even non-elite public officials are provided new jobs by the central agencies when they retire. These retirees then have secure, stable incomes, for the rest of their lives. It is no wonder, then, that young, capable Japanese try to find employment in government.

In Japan, the National Personnel Authority plays a major role in deciding the level of formal rewards to non-elective public officials, making annual pay recommendations to the Cabinet for these bureaucrats. The Government and the Diet normally follow these recommendations, which are usually commensurate with the average salary for the bureaucrats' counterparts in the private sector. The Authority must also approve promotion of all public officials above section chiefs. Moreover, retiring public officials require its approval to get positions in the private sector over which their public positions have had direct control in the last five years. The National Personnel Authority has been successful in keeping the rewards for public officials' representative of the whole society, and in preventing high public officials from attaining the privileged stratum that was common in the prewar period.

The average yearly income (including bonuses) for workers in the private sector was JPY7, 236,000 (approximately US$70,000) in 1999. As Tables 3 and 4 indicate, central government officials are relatively well paid, which becomes clear, looking at the distribution of income in Japan.

Table3. Salaries for Major Positions in the Special Service Category (Apr.1999)

Unit: JPY

Position	Monthly	Yearly	Bonus	Total
Prime Minister	2,580,480	30,965,760	9,676,800	40,642,560
Speaker of the House of Representative	2,580,480	30,965,760	9,676,800	40,642,560
Cabinet Ministers	1,883,840	22,606,080	7,064,400	29,670,480
Chief Cabinet Secretary	1,883,840	22,606,080	7,064,400	29,670,480
President of the National Personnel Authority	1,883,840	22,606,080	7,064,400	29,670,480
Chief Secretary of Cabinet Legislation Bureau	1,803,200	21,638,400	6,762,000	28,400,400
Member of the House of Representatives	1,540,000	18,480,000	5,755,000	24,235,000
Member of the House of Councilors	1,540,000	18,480,000	5,755,000	24,235,000

Source: Ministry of Finance, *Public Officials Remuneration Data Book*, 2000.

Table4.Salaries for Designated Positions in the Regular Service Category (Apr.1999)

Unit: JPY

Position	Monthly	Yearly	Bonus	Total
President (Tokyo and Kyoto University)	1,375,000	16,500,000	6,806,250	23,306,250
Administrative Vice-Minister of each ministry	1,346,000	16,152,000	6,662,700	22,814,700
Director-General of National Police Agency	1,346,000	16,152,000	6,662,700	22,814,700
President (Hokkaido, Tohoku, Nagoya, Osaka and Kyushu University)	1,346,000	16,152,000	6,662,700	22,814,700
Superintendent General of Metropolitan Police	1,269,000	15,228,000	6,281,550	21,509,550
President of Old 10 University (Chiba, Hitotsu-bashi and etc,)	1,269,000	15,228,000	6,281,550	21,509,550
Director-General of Administrative Agencies	1,185,000	14,220,000	5,865,750	20,085,750
Deputy Minister of each ministry	1,185,000	14,220,000	5,865,750	20,085,750
Deputy Vice-Minister of each ministry	1,025,000	12,300,000	5,073,750	17,373,750
Director-General of Bureau within ministries	1,025,000	12,300,000	5,073,750	17,373,750

※ Various allowances are not included.

Source: Ministry of Finance, *Public Officials Remuneration Data Book*, 2000.

As in Table 5, the percentage of people who earn more than JPY20, 000,000 (US$188,679) per annum is only 0.4% of the nearly 45 million salaried persons. In addition, most of the public officials listed in Table 3 and Table 4, whether elected or career, earn more than JPY20, 000,000 per annum, indicating that remuneration in the public sector in present-day Japan consists of the highest income strata. Even when compared with the average income for presidents of private companies, the picture does not change much. According to a survey, the average monthly income for presidents is JPY1, 950,000 (US$18,396) with a bonus of JPY 6,470,000 (US$ 61,037) a year. This brings the total annual salary to JPY 30,100,000 (US$ 283,962), almost equivalent to the yearly income of cabinet ministers (Wage Management Institute, 1997). High public officials are relatively well paid in Japan.

The average salary for rank-and-file public employees, however, is lower than that for workers in the private sector (see Table 6). Data concerning the salary for entry-level jobs in the private and public sectors (Table 7) indicate that in all educational categories except junior college graduates, the average salary is higher in the private sector. These data suggest that even prospective senior bureaucrats, who have passed the most competitive National Public Officials Examination Category I, start their careers with relatively low salaries.

Table5. Distribution of Annual Income among Salaried persons Unit: 10 thousand yen

Income Bracket	Number (thousand)	Composition (%)
Less than 100	3,294	7.2
100 to 200	4,639	10.2
200 to 300	6,783	14.9
300 to 400	8,118	17.9
400 to 500	6,587	14.5
500 to 600	4,796	10.6
600 to 700	3,485	7.7
700 to 800	2,428	5.3
800 to 900	1,647	3.6
900 to 1,000	1,103	2.4
1,000 to 1,500	1,995	4.4
1,500 to 2,000	394	0.9
More than 2,000	177	0.4
Total	44,896	100

Source: Ministry of Labor, *Wage in the Private Sector*, 1997.

Table6.Comparison of Salary between the Private and Public Sector (Apr, 1999)

Unit: JPY

	Monthly (average)	Yearly (average)	Bonus/Total (%)	Experience (year)
Private	531,800	7,236,000	36.1	17.1
Public	387,400	6,566,400	29.2	17.5

※ Average Salary in all industries regardless of educational background of employees.

※※ Average Salary for college graduates.

Source: Ministry of Finance, *Public Officials Remuneration Data Book*, 2000; National Tax Bureau, *Salary in the Private Sector*, 2000.

Table7.Monthly Salary for Entry level Job in the Private&Public Sector

Unit: JPY

	Private (over 500)	Private (Less than 500*)	Public
College	192,391	188,967	187,583
Junior College	161,412	164,447	173,398
High School	153,168	151,007	148,320

*Size of Companies by the number of employees.

Source: Ministry of Labor, *Wage in the Private Section*, 1997; Ministry of Finance, *Public Officials Remuneration Data book*, 2000.

The entry-level monthly salary for those career bureaucrats is JPY184, 200 (US$1,738), almost US$100 less than the average monthly salary for college graduates in large private companies. In many cases, the difference in entry-level salary between career bureaucrats and managerial track employees in large private companies is much larger, ranging from US$500 to $1,000. This situation does not change unless and until career bureaucrats are promoted to positions higher than section chief, which usually takes at least 15 years. In other words, even career bureaucrats are relatively underpaid compared with their private counterparts, while they are still young. However, once they are promoted beyond section chief, and particularly to designated positions, they become relatively well-paid, even in comparison with their counterparts in the private sector.

In the postwar period, those high up in the central government have been rewarded relatively well, and those at the very top have been treated generously even at retirement. The structure of rewards -- relatively low salary in the first fifteen years or so, relatively well paid salary beyond the section chief level, and well-paid post-retirement employment opportunities

based on the last position held -- have given prospective senior bureaucrats an incentive to work hard to reach higher positions. A lump sum severance payment that Japan's high-ranking bureaucrats usually receive at retirement provides a case in point, as shown in Table 8.

Table8. Comparison of Retirement Lump Sum Grant

Unit: JPY

	Amount (average)	How many months of BS	Experience (year)
Private*	28,710,000	45.30	30
Public** (Administrative Vice-Minister)	55,522,500	41.25	30
Director General of Agencies	48,881,250	41.25	30
Councilors	48,881,250	41.25	30
Deputy Minister of Ministries	42,281,250	41.25	30

*Figures in 1997, **Figures in 1999.

Source: Ministry of Finance, *Public Officials Remuneration Data Book,* 2000; Ministry of Labor, *Wage and Working Hours*, 1997.

9. Post-Retirement Employment

Japan's elite bureaucrats retire early. On average, they voluntarily leave their careers at age 55, which is not compulsory, but is a long standing practice unique to these leading public officials. Once retired, these bureaucrats usually have three options.

1) They may run for public office, usually under the LDP.
In the June 2000 House of Representatives election, former elite bureaucrats took 86 seats, or 18% of the 480 seats contested. They constitute one of the important reservoirs from which politicians emerge.

2) They may move to the private sector.
As previously mentioned, this practice is generally referred to as the "Descent from Heaven." Although a number of regulations exist to prevent this practice, loopholes abound. To avoid conflict of interest, the law forbids a bureaucrat to take a position in a private firm for at least two years, if the company in question has come under his direct jurisdiction for the five years immediately before his retirement.

The only way to get around this provision is to submit a petition to the National Personnel Agency, and the Agency rarely turns down these petitions, as it also needs places in the private sector for its retiring bureaucrats. As much as any other central organization, the National Personnel Agency has much at stake in keeping the present system alive. In 1996, 134 elite bureaucrats were approved to move to the private sector, of which 22 took executive positions in private firms. In 1998, 88 national bureaucrats sought jobs in the private sector, a decrease of 30 from the previous year. The declining number reflects growing public criticism of the practice.

Table9.Number of Cases of Post-Retirement Employment in the Private Sector Approved by the National Personnel Agency

Unit: person

Year	Cases
1989	232
1990	216
1991	209
1992	206

For many years, the Finance Ministry always topped the list of bureaucrats retiring and moving into the private sector, however, due the disclosure of several instances of malfeasance, the number of cases from the Finance Ministry has been reduced. Before an agency transformation took place in 2000, the Telecommunication Ministry increased the numbers of former bureaucrats who sought post-retirement employment in the private sector.

Table10a. Descent from Heaven 1990-1993 (Ministry of Finance)

Unit: Person

Bank	Non-Profit organization	Unknown	Total
161	60	226	440

Table10b. Descent from Heaven 1990-1993 (Ministry of Construction)

Unit: Person

General Contractor	Non-Profit organization	Gov. Est. Organization	Total
204	177	49	430

※ Most of them eventually find their way to banks and non-profit organization.

Source: Tsutumim, Kazuma, *Kanryo Amakudari Hakusho* (Descent from Heaven White Paper), Iwanamishoten, 1997.

3) Retiring bureaucrats can also seek employment in semi-public organizations.

Japan's central government has created a large number of "special purpose public corporations," to facilitate the implementation and operation of public policy. The Japan Highway Public Corporation, for instance, was created in 1956 as an operating arm of the Ministry of Construction. Similarly, the Employment Promotion Corporation was created in 1961 as an extension of the Labor Ministry to assist displaced coalmine workers seeking re-employment. By 1995, 92 of these public corporations existed. They can generate unique and difficult problems, as the situation regarding the Japan Highway Public Corporation illustrates.

The Japan Highway Public Corporation has developed a large number of subsidiaries, which are private corporations, and as such are not legally bound by government regulations. In 1995, 67 of these subsidiaries, including the Highway Service Incorporation and Rest Area Services, had more than 171 restaurants, 311 convenience stores, and 193 gas stations in rest areas along the toll ways operated by the Japan Highway Public Corporation. In fiscal 1995, these 67

subsidiaries had more than 26,000 employees, and proved very profitable, with net sales of JPY545 billion.

These thriving firms provide the next employment stop for some retiring bureaucrats. The subsidiaries of the Japan Highway Public Corporation take large numbers of newly-retired public officials from the parent organization, as well as from the Construction Ministry. These former public officials usually become executives, if not presidents, of the subordinate corporations. In many cases, they routinely transfer from one subsidiary to another, to make room for a new group of bureaucrats retiring from the parent organizations. This practice is generally referred to as "migrant birds," and usually results in substantial severance pay for the transferring official (*Inose*, 1997).

In one case, a vice-minister in the National Land Development Ministry netted JPY55 million (US$423,000) in severance pay when he left office to become Chairman of the Board of the Japan Highway Public Corporation. Eventually he vacated this post and moved to the Highway Facilities Association, collecting another JPY39 million (US$300,000) as severance pay from the Highway Public Corporation. Four years later, he stepped down from his post in Highway Facilities, and received an additional JPY26 million (US$200,000) for these short four years of service in the Association.

Both the "Descent from Heaven" and "Migrant Birds" customs became widespread and entrenched in public management. These practices, exclusive to high-ranking public officials, were so well-established that few questioned their legitimacy; most central bureaucrats nonchalantly appeared to take these privileges for granted. It is no wonder that Japan has frequently been described as a "heaven for public officials."

This trend has been changing, however. Many reform plans have been drafted, and some have already been implemented. One representative case involves the Japan Highway Corporation previously mentioned, which will soon be divided into several private firms, with the president of the corporation coming from an outside non-bureaucrat source. (The incumbent president is a former member of the Lower House, nominated directly by the Prime Minister.) This change offers a small indication that bureaucracy's fiefdom should eventually undergo radical reform and major tailoring.

Topic for Discussion

1. How the size of government is important for efficiency, effectiveness and economies of policy implementations in Japan? And also how about in your country?
2. In Japan, bureaucrats play important roles in policy making process. How does a bill become a low in Japan?