

JAPANESE GOVERNANCE REFORM

45

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- The recent elections for the lower house of Japan's Diet herald the end of the Liberal Democratic Party's (LDP) domination of Japanese politics. The winner, the Democratic Party of Japan (DPJ), aims to thoroughly reform the way the country is governed.
- The strategic goals of the DPJ's reform agenda are to shift the locus of policy-drafting away from civil servants to the legislature, and to bring the latter firmly under the control of the Prime Minister's Cabinet.
- In order to be able to work towards its strategic goal, the DPJ needs tactical victories to maintain its popularity with the electorate. The climate negotiations' high profile makes domestic climate policy a natural area for the DPJ to differentiate its political brand from that of the LDP.
- Just as with governance reform, the DPJ has time and again asserted its commitment to pro-active climate goals both in pre- and post-electoral speeches, at home and abroad. Therefore it is very likely to continue pouring political capital into this policy area.
- The division between major ministries about how to formulate Japanese climate policy presents a willing Cabinet with structural advantages to assert its leadership successfully. The wider reforms currently being implemented further strengthen the new government's position.
- There are some factors that might limit the ability of Japan's new leadership to fight climate change. These include how their relationship with domestic media outlets shapes their approval ratings, how the positions of other stakeholders develop, how other electoral promises conflict with the new climate platform, and how the climate negotiations progress on the international level.

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Can the DPJ change some of the seemingly immutable things about Japan? Photo: Tanaka Juuyoh

On August 30 the DPJ swept victoriously into Japan's House of Representatives, handing the LDP its most resounding electoral defeat ever. After the elections the DPJ holds 308 seats versus its rival's 119, whereas before the ratio had been 112 to 303, respectively. It now is Japan's strongest political party, having already gained a majority in the House of Councillors in the 2007 elections.

One of the defining characteristics of the DPJ since its inception in 1998 is its opposition to the LDP's style of government. The LDP, formed in 1955, stayed in power practically continuously until its defeat this August, with the exception of a brief interlude during 1993–1994. It dominated Japan under the so-called 1955-system, which at various times over its history has been praised or criticized for the close relationship between elected politicians, business interests and civil servants. The DPJ capitalized on recent voter frustration with this system and swept into power this year through a campaign emphasizing change and progress.

The DPJ's ambitious agenda is to reform Japan's entire system of government. Its 2009 electoral manifesto outlines five specific policy areas as tactical objectives to be achieved as stepping stones towards this overarching strategic goal. One of these objectives is to improve the country's economic situation, with the pursuit of vigorous climate policies figuring prominently among the means of fulfilling this particular electoral promise.

This paper seeks to estimate the implications of the DPJ's victory for Japan's future role in the negotiations surrounding the development of a more efficient global regime on climate change. In particular, it first describes the ideology behind shifting legislative authority away from unelected civil servants towards elected legislators. It then evaluates the dedication with which the DPJ's leadership has embarked on its reformist agenda, and argues as to why climate policy represents an ideal area where the party can forcefully assert its leadership. Finally, it seeks to highlight some of the limitations the DPJ may face in exploiting this policy field to its advantage.

The DPJ reform project

Japanese policy-making has typically been described as taking place through tightly-knit policy networks. Although it has become commonplace in discussions of Japanese politics to refer to the triad of large businesses, civil servants and lawmakers, power differentials exist between these actors, giving civil servants significant structural advantages.

Thus, Japanese politicians typically lack the staff necessary for pro-actively and independently drafting legislation and as such rely on input from civil servants, whose superior expertise they rely on and defer to. Similarly, in order to thrive major businesses have to rely on propitious regulatory frameworks, which are mostly the product of civil servants' work.



The Ministry of Economy, Trade and Industry has under the LDP tried to promote climate policies that would not hurt Japan's export-driven economy... Photo: Black River

Under the 1955-system high-ranking civil servants retiring to plush jobs in their specialized field as a reward for decades of considerate supervision used to be as common an occurrence as the rejection of bills backed by government bureaucrats was not.

For a variety of reasons Prime Ministers (PM) and their Cabinets enjoyed very little power under the 1955-system and therefore were typically unable to challenge the entrenched bureaucracy effectively. First, an aspiring PM would need to appoint to his Cabinet key members of the LDP's many factions to ensure these factions' support for his bid. However, as political debates would split along factional lines, Cabinets, instead of exercising political leadership, often became deadlocked between their members. As another consequence of faction politics, executive tenure in Japan has typically been very short, with 26 PMs in the past 54 years, with even shorter terms for Cabinet ministers. Finally, the Japanese executive is just as bereft of adequate staffing relative to other OECD leaders as the country's legislators are. In effect, the PM is just as reliant on civil servant aid as all other Japanese politicians are.

Though widely acknowledged to have contributed to Japan's economic growth in post-war years, this system began losing public support after the burst of the bubble economy, as perceptions of unethical practices and inefficiency spread. Frustration with it boiled over during the current global credit crunch, as the public increasingly assumed that the LDP was bungling Japan's response to the ongoing crisis.

An article penned by Kan Naoto, who currently serves in the new DPJ government as the Deputy PM, squarely places the blame for the current state of the country on the civil servants. As a remedy to the way that Japan's civil servants manipulate both Diet and Cabinet politicians to their particular ministries' "selfish interests", Kan calls for Japan to adopt a "Westminster-like" style of government to overcome the abovementioned list of systemic shortcomings. Governance in this new Japan would be characterized by a legislative process initiated by lawmakers under the strong guidance of an enhanced Cabinet, with civil servants relegated to purely administrative and advisory functions.

Some observers like to point out that, in the 11 years that the DPJ has existed, it has done little beyond soaking up an ideologically heterogeneous hotchpotch of small or moribund parties and Liberal Democrat outcasts who were ultimately united only in their dislike of the LDP. The imputation is that the DPJ is only an imitation of the latter party, lacking the ability to articulate coherent policy.

However, table 1 shows clearly that a distinct ideology has indeed formed within the DPJ and, now that it won the elections, the party seems determined to see it implemented. This is a safe conclusion if one considers the amount of work in the short time that has passed since the elections and also the party leaders' intensive travel schedule during September: Both the PM and the Foreign Minister were in the US attending the UN Summit on Climate Change and

...but the DPJ means to shift the locus of policy-making away from civil servants, under whose purview it had rested for over half a century, to Diet politicians. (Pictured: Japan's Lower House, awash with DPJ Representatives in the wake of this year's August elections.) Photo: DS80s



the G-20 meeting, while the Party SG went to Britain on a study-trip on the Westminster system. The new government is sticking to its strategic goal and, in accordance with its manifesto, is likely to persevere with the tactical objectives it has set itself.

Climate change as a low-hanging fruit

Having been elected on a platform of change, the DPJ needs to act decisively on high profile issues to elicit continued support for its wider agenda. Climate change represents one such expedient area for it to distance itself from the LDP's track record. By asserting itself in this hotly contested policy field the newly strengthened Cabinet can gain with relative ease the tactical victories it needs to further its strategic goal.

The DPJ first seized on this policy field in April, when it announced that, were it to win the August elections, it would commit to reducing Japanese emissions during the 2013-2020 period by 25% relative to the 1990 level at the upcoming climate negotiations in Copenhagen. Two months earlier the LDP government's Informal Advisory Committee on Global Warming had been unable to come to an agreement about such a target, and at the time of the DPJ's declaration the incumbent Cabinet was engaged in a tortuous public process of distilling it from the six possible options cooked up by the committee.

Some of the targets entertained by the government at the time would have actually allowed Japan's emissions to continue rising even above contemporary values—an environmentally bankrupt proposal, considering that in 2007 Japan was already 15 percentage points above its current Kyoto target of -6% relative to 1990. This made the DPJ's decision to present a single progressive target, in line with the IPCC's request to developed countries, stand in stark contrast to the actions of the LDP government.

Eventually the LDP declared in June a target amounting to an 8-9% reduction of emissions relative to 1990. However, now that the Japanese have delivered the DPJ into power, this has been overturned, with the party's April promise being officially announced on September 7 to the Japanese public and on September 22 to the world. The ministers of Environment, Ozawa Sakahito, and Economics, Trade and Industry, Naoshima Masayuki are on record for standing by it—albeit Mr Naoshima with the proviso that all “major emitters participate” in a meaningful way towards emissions reductions. A host of reasons exist for why this direction will not change in the future.

First, the issue enjoys a high international profile. After the Koizumi administration, every single PM has used rhetoric bespeaking the imperative that Japan adopt a global leadership position on climate change. The new target and several legal packages under current consideration are the first palpable steps that Japan has taken in that direction.

Second, while Japanese PMs may be comparatively weaker than other OECD leaders, they can assert leadership successfully in policy areas where different government organizations contend for authority. Climate change is one such area, due to a conflict going back as far as the early 1970s over the right to frame environmental policy, pitting what today are the Ministry of Economy, Trade and Industry (METI) on the one hand against the Ministry of Environment (MOE) on the other. Being sensitive to the needs of the Japan Business Federation (Nippon Keidanren)—one of the country’s most powerful business lobbies—METI has traditionally been keen on keeping Japanese enterprises from losing international competitiveness due to harsh environmental policies. Conversely, the ministries leading the post-2012 negotiations, i.e. MOE and the Ministry of Foreign Affairs, are much more open to progressive views on climate. This tension creates a space for the new government to make a principled stance.

Third, as has been shown, the new Cabinet has, as a part of its overall agenda, been implementing governance reforms that would strengthen its position in domestic policy negotiations—both relative to civil servants and to the Diet. This helps it impose its vision on uncooperative actors, such as METI, the Keidanren and LDP legislators in this case. All of these have been major players under the *ancien régime*, virtually ensuring that the DPJ support anything they traditionally did not.

Finally, while the ability of LDP politicians to draft independent climate policy was limited by their reliance on METI thinking, the DPJ has managed to avoid this pitfall by incorporating data and policy suggestions from leading green NGOs. These NGOs are unofficially believed to hold a strong position in shaping Japanese climate policy for the immediate future. The LDP’s unreceptive attitude in the past towards climate-related concerns created a void that current DPJ lawmakers are rapidly filling up with proposals for progressive policies and measures.

Indeed, the DPJ is pouring political capital into policy areas that the LDP had shunned for a very long time. Suggestions about the implementation of carbon taxes are expected for instance during November and an action plan on a mandatory nation-wide emissions trading scheme is also to be produced by

April. Feed-in tariffs, that a recent LDP law would have launched this November for solar power, are also to be broadened by 2011 to all sources of renewable energy. These developments all suggest that the party remains resolute in pursuing this tactical objective further.

Caveats

After the elections then-DPJ Party SG Okada Katsuya told the Keidanren that global warming represented a “grave threat to humanity” and that lowering emissions levels should be done at any cost, “instead of just doing what we can”. Up until the Bangkok Climate Talks in October, riding on the tails of its amazing electoral victory, the DPJ continued to snub the federation, not sitting down for a single meeting on climate with this powerful political actor. However, for all of its current popularity, the new Cabinet does not operate in a vacuum and a number of cautionary qualifications should be made when discussing its ability to steamroll climate policy past other stakeholders.

First, large business groups such as the Keidanren have long ago made their opposition to the new DPJ target known. Although smaller, the June LDP target enjoyed the advantage of having been brokered by the government in consultation with these interests. Furthermore, its composition was known: it was supposed to come from domestic emission reduction cuts alone. The DPJ has at the time of this being written not announced yet how it means to fulfil its mid-term target, but it has already made it clear that it sees Japan as reserving itself the right to purchase emission offsets from abroad. Given that the details of the post-2012 period are still unclear at the moment, this opens up the possibility that a large percentage of Japan’s 2013–2020 emission cuts will actually be backed by trade in surplus emission allowances, by the purchase of certified emissions reductions of uncertain additionality, by forestry credits of questionable quality, and so on. This might in the future raise concerns about the integrity of the post-2012 regime.

Second, not all of Japan’s media favours the DPJ’s recent success and, in a country where most people trust the media more than any other institution, this can be dangerous. Japan’s five major dailies have a

| | DPJ proposal | Rationale | DPJ action after the elections |
|---------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Less influence on policy for civil servants | Lengthening the duration of Cabinet formation | Finalizing the shape of the Cabinet within one day of the Prime Minister's nomination too fast-paced for political negotiations and appointments. | Took from August 30 until September 16 to establish the Cabinet. Spent further time thereafter filling out lower-level positions with elected officials. |
| | Reformulating the relationship between ministers and civil servants | Personnel affairs within ministries handled entirely without input from minister. Policies debated internally in ministers' absence by civil servants, who also handle keeping the media aware of policy developments. Cabinet merely rubberstamps final outcomes. | Ministers to pick own sub-Cabinet officials. Such positions to be filled with former civil servants who have been elected to the Diet in order to enhance party's policy-drafting ability. Civil servants to function only in an advisory capacity, maintain political neutrality and not brief media on policy developments. Policy drafting role of civil servants strongly curtailed. |
| | Reforming the budgeting process | Budget formulated internally by ministries through simple addition of budgetary requests from subordinate departments. Cumulative total submitted by Finance Ministry to Diet for pro forma approval. | Persuaded Ministry of Finance to recover more than half of the budget for the next fiscal year (commencing in April 2010). Past budgeting practices to be removed entirely starting next fiscal year. |
| More control over Diet for Cabinet | Creating "National Strategy Staff" within the Cabinet | Separation between Policy Research Council (party organ inside the Diet) and Cabinet creates opportunity for backbenchers to second-guess Cabinet decisions. | Policy Research Council abolished. Contact between civil servants and backbenchers made subject to Cabinet minister approval and review. National Strategy Office established to handle matters pertaining to budget and foreign relations. Backbenchers instructed to focus on re-election instead. |
| | Enforcing party discipline | Diet strategy difficult to enforce for Cabinet as such affairs usually handled in collaboration with the secretary generals (SG) of all parties and heads of all Diet committees. | Management of party's internal matters, Diet discipline and Diet strategy unified under the office of Party SG. |

Table 1. Concrete actions by the Hatoyama Cabinet to eliminate some of the perceived short-comings of the 1955-system.

Translated and adapted from Kan, Naoto, "The Shape of the Country as Envisaged by the Democratic Party of Japan", *Chūō Kōron*, July 2009.

total national circulation of circa 38.5 million, but since the election the conservative Fuji-Sankei group, the centre-right Yomiuri group and the moderate Nikkei group, which between them total around 21.3 million copies, have been running articles whose attitude towards the new government ranges from ambivalence to more or less well veiled hostility. For a party with such a bold reform agenda, mitigating its rocky relationship with the press will be key to ensuring its continued popularity with the public.

Third, while its efforts to achieve independence from the dominance of civil servants are admirable, the DPJ cannot go on forever relying on NGOs for policy input. The Japanese government bureaucracy constitutes a formidable corps of analyst elites and alienating it would damage anybody's ability to

construct long-term policy. While the DPJ has been reaching out to younger and more receptive civil servants, it will have to be nimble in its consultations with specialists if it wishes to produce a workable framework for the country's future climate policies.

Fourth, even though the DPJ holds a very strong majority in both Houses of the Diet, the LDP should not be discounted outright. In spite of being in disarray after its electoral defeat, the LDP's lack of enthusiasm for progressive climate policy has not changed. How it will behave once the DPJ starts bringing concrete bills to the Diet floor remains an open question.

Fifth, the question of the internal environmental coherence of the overall policy package backed by



Yūai, the guiding principle in Prime Minister Hatoyama's political philosophy, which he translates as the French Revolution's third slogan, *fraternité*. Through *yūai* the DPJ promised to construct a new Japan, where individuals would be able to co-exist respectfully to the benefit of all. Photo: Yagi Ryosuke

the DPJ remains unanswered. Critics have pointed out that the party's plan to make the nation's expressways toll-free runs counter to its agenda on global warming. Also, just like this toll-free plan, many of the DPJ's electoral promises will create important budgetary constraints, forcing the party to prioritize between policy proposals. How the country as a whole will respond to this cannot be judged at this point. This is especially relevant for the new policies and measures on climate, which have never before been deployed in Japan.

Finally, due to the large number of participants, the result of the Copenhagen COP-15 is beyond the control of any single nation. With some policy analysts arguing that voting on climate legislation in the US Senate may not come before March 2010, the chances of achieving a definitive deal in Copenhagen look slim. The DPJ should take care to explain to the Japanese public that exercising successful leadership in the climate change arena need not necessarily mean a victorious return from Denmark.

The DPJ's reform agenda has taken it into policy areas not commonly thought possible under the previous administration. The new government has also made bold international commitments on climate and has made a strong contribution towards moving the negotiations on the post-2012 regime ahead. Observers now should look forward to the party producing a strong plan on how to achieve its new reduction target, and to other states making equally bold contributions during the upcoming Copenhagen conference.

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