

Government Reform in Japan

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Introduction

In April 1999, the Obuchi Cabinet submitted to the Diet (Japanese Parliament) 17 bills to restructure and streamline central government ministries and agencies and to strengthen the Cabinet's functions and the Prime Minister's leadership. Under the bills, the current central government structure, which consists of the Prime Minister's Office and 22 ministerial-level organizations under the Cabinet, will be changed into the Cabinet Office and 12 ministerial-level organizations. The Diet has just passed those bills this month as proposed by the Cabinet. The new government structure is planned to start on January 1, 2001, the beginning of the new century.

Such a drastic restructuring of central government has never been experienced in Japan in peacetime. In this paper, I would like to briefly describe the content of current government reform efforts, especially reorganization, as well as the background of the reform.

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I. Background of the Reform

Five decades have passed since the end of the World War II. During these fifty years, the Japanese government made every effort hand in hand with the people to reconstruct economy and society and upgrade the living standard of the people. As a result, the Japanese economy came to occupy a substantial share of the World's economy and the people now enjoy a high standard of living. It can be said that the Japanese system of public administration has functioned successfully during this period. It has been very suitable for setting national goals or visions and mobilizing public and private resources and energies to achieve these goals.

However, the Japanese society has changed. Conditions surrounding the Japanese society and government have also changed considerably, leading us into an unexperienced age. Existing structures and systems of government have become unsuitable to these changes and ineffective. Piece-meal adjustments have been made. But in contrast to enormous efforts to reorganize within each ministry without expanding its size and other efforts to deregulate and adjust systems to changes, an inter-ministerial reorganization has been rarely implemented except for creating new coordinating organizations.

As a result, the relationship among a ministry, its clienteles under its jurisdiction and other parties concerned became so strongly established that they have formed a kind of close-knit community that tends to strive to protect existing interests. Personnel management systems and practices seem to have contributed to reinforce such a ministerial territory and wall. To make a decision on a matter which involves many ministries needs a time-consuming procedure among ministries guarded by the walls.

Moreover, insufficient assistance and support systems and organizations for the Cabinet and the Prime Minister have made it rather difficult for political leaders to

override the policy initiatives prepared within the framework of jurisdiction of existing ministries and agencies and to speedily implement policies.

It is now widely recognized that organizations, systems and practices need drastic changes and reforms so that the government as a whole can make well-coordinated decisions and implement them, under the leadership of the Prime Minister and the Cabinet, as speedily as possible in response to changes and necessity.

The necessity of such changes and reforms has been pointed out for a long time. But to break ministerial walls requires persuading parties concerned and the abolition or revision of existing establishment laws or the enactment of new establishment laws, which needs enormous political energies to overcome obstacles and difficulties. Thus, an inter-ministerial reorganization has become a kind of political taboo. Very few politicians dared to challenge this “political taboo” or “untouchable”. Prime Minister Hashimoto, who has the strong conviction and rich experiences, challenged this difficult task.

II. Process of the Reform

In November 1996 soon after the general election, the Administrative Reform Council was established under the leadership of Prime Minister Hashimoto. Headed by the Prime Minister himself, which is very rare for such an advisory body, its mission was to study the roles and functions of the government for the 21st century, to examine how the central government Ministries and Agencies should be reorganized, and to consider how to strengthen the function of the Prime Minister and the Cabinet.

In December 1997, the final report of the Administrative Reform Council was submitted. The Hashimoto Cabinet decided to fully take account of the report and began to take necessary steps to implement reforms. The Basic Law for the Reform of Ministries and Agencies was submitted in February and enacted in June 1998. It prescribes fundamental principles of reorganizing Ministries and Agencies, the schedule of reform, measures to strengthen the function of the Prime Minister and the Cabinet, principles of reorganization and streamlining, and measures to improve efficiency of government organizations. Among other things, the law provides specifically that the cabinet office, 12 ministerial-level organizations shall be established by the government-wide reshuffling of existing ministries and agencies and that a system of “independent administrative corporation”, a relatively independent entity to implement government programs, shall be introduced.

In July 1998, soon after the Basic Law was enacted, the Headquarters for the Central Government Reform, headed by the Prime Minister and composed of all the Ministers of State, was established in accordance with the Basic Law and started to prepare necessary bills such as new Ministries establishment laws and specific plans for reorganization and other reforms. Even though Prime Minister Hashimoto stepped down because of the results of the election of the House of Councilors last July, succeeding Prime Minister Obuchi made it clear that he would implement the reform according to the schedule set by the Basic Law. Mr. Seiichi Ohta, a young and aggressive member of the House of Representatives, was appointed as the Director-General of the Management and Coordination Agency and the Minister of State for Administrative Reform responsible for the works of the Headquarters.

After the intensive and difficult works of ten months, the Headquarters prepared 17 bills along with basic policies and plans to implement the reform. The Cabinet decided on the bills on April 27 this year and submitted them to the current session of the Diet.

The bills for reorganizing central government ministries and agencies were passed through the House of Representatives in June and the House of Councilors in July. All the Ministries and Agencies are preparing budget requests, internal organization plans and other matters for January 1, 2001 which is in the next fiscal year.

III. Major Points of Current Government Reform

1) Reinforcing the Cabinet functions and leadership of the Prime Minister

The number of Ministers except for the Prime Minister shall be reduced from maximum 20 at present to from 14 to 17. The Cabinet will be operated more flexibly, having Ministers with special responsibilities which will be specifically decided in response to the needs of the times.

To ensure the stronger leadership of the Prime Minister and the Cabinet, the Cabinet Secretariat is to be given the authority not only to coordinate but also to initiate basic policy-making. The Cabinet Office with several hundreds staff in its head office will be newly created to support the Prime Minister and the Cabinet. Advisory Councils on Economic and Fiscal Policies, and on Comprehensive Science and Technology Policies, etc. are to be created. The Prime Minister is expected to appoint his supporting staff more freely on his own initiative not only from within the Government but also from outside the Government.

2) Drastic Restructuring of Ministries and Agencies

Under the bills, the current 23 ministerial-level organizations will be re-structured into one office (the Cabinet Office) and 12 ministerial-level organizations. The comparison between the current structure and the proposed one is shown in the Table on page seven.

The basic idea of this reorganization is to break the organizational walls among existing ministries and agencies and merge interrelated or similar functions so that these interrelated functions can be well-coordinated as speedily as possible within a ministry with wider jurisdiction and the duplication and redundancies of similar programs can be reduced as much as possible. The Ministry of Health and Welfare and the Ministry of Labour will be merged. The Science and Technology Agency and the Ministry of Education with many national universities and their affiliated research institutes under its charge will be merged. The Ministry of Transport, the Ministry of Construction, the National Land Agency and the Hokkaido Development Agency will be merged. The status of environment protection organization will be raised from Agency to Ministry, acquiring the waste treatment administration from the Ministry of Health and Welfare.

3) Reinforcing political leadership in every ministerial-level organization

The deputy-minister system will be introduced in place of the parliamentary vice-minister system. One, two or three deputy-ministers who are supposed to be politicians will be appointed to the Cabinet Office and each Ministry. They are to be positioned between the minister and the administrative vice-minister. Each deputy-minister will act for the Minister and take substantial responsibilities in the ministry. In addition, the system of political aides to the Minister will also be introduced. Political aides will be appointed in every ministerial-level organization to participate in

specific policy-making and planning and also to deal with political affairs. Under these systems, the political leadership in every ministry is expected to be strengthened.

4) Slimming and streamlining government organizations and operations

a) Government-operated enterprises

Postal Services will be separated to become a semi-independent external organ (Agency) of the Ministry of General Affairs and, after that, will be transformed into the Postal Services Public Corporation. The Printing Office and the Mint of the Ministry of Finance will be transformed into independent administrative corporations. The National Forest Service will be streamlined, even though it will remain as an external organ (Agency) of the Ministry of Agriculture, Forestry and Fisheries.

b) “Independent administrative corporation” system

The “independent administrative corporation” system will be created. It will have an independent legal status outside Ministry or Agency. The government will transfer policy-implementing and other functions of ministries and agencies to this new corporate type organization. Functions to be transferred are research activities, national hospitals, national museums, mint and printing operations, export-import insurance activities and other operational activities such as motor vehicle inspection.

The executive agency system in the United Kingdom gave a hint in inventing this new system in Japan.

Under the independent administrative corporation system, the flexible management is to be secured. The chief executive or management personnel can be recruited from outside the government and the daily management of the operation is left to the corporation itself. Each corporation is to prepare a mid-term plan of its business or other kind of activities to achieve mid-term objectives or goals set by the Minister in charge. An evaluation committee of the supervising Ministry and a central evaluation organ of the Ministry of General Affairs review and evaluate the results of operation. The primary purpose of this system is to separate policy-making functions and policy-implementing functions and to improve the efficiency and quality of services toward the people by granting more autonomy and responsibilities to a corporation and also to ensure the transparency of the operation.

c) Reduction of organizations of ministerial-level organizations

Internal organizations of the ministerial-level organizations will be reduced to streamline organizations as well as to ensure the wider policy coordination. Bureau level units will be reduced from 128 to 96. Division level units will be cut back from 1200 to 1000 on January 1, 2001 and further reduction will be achieved in five years. Regional and local offices of Ministries will also be streamlined.

d) Reduction of full-time employees

The government will make a reduction-in-force plan of at least 10% reduction of the full-time employees of ministries and agencies for a ten-year period starting from January 2001. The government also reduces personnel by creating independent administrative corporations and by other ways. All in all, the government is expected to reduce 25% of its employees in ten years. The government shall fundamentally review its present functions and programs to implement such large-scale reduction.

e) Deregulation and the reform of the subsidy and public works administration

The deregulation and regulatory reform, and the reform of subsidy and public works administration will be promoted further to streamline the central government activities, to build a more free and transparent market, to promote the decentralization and to ensure more efficient and transparent decision-making.

5) Other issues

To realize expected results of structural changes and other reforms mentioned above, the reform of civil service systems and practices is indispensable. The government is expected to establish a new government-wide system of personnel management as well as a system that enables most-qualified persons to be posted in the Cabinet Secretariat, the Cabinet Office and Ministries. The recruitment and promotion system will be improved. In addition, the exchange of personnel among ministries will be promoted further.

It is also indispensable to strengthen policy and performance evaluation function of the government. Each ministerial level organization should establish a unit responsible for policy evaluation to feedback valuable results to policy-planning units as well as to improve the transparency of the administration by disclosing the evaluation results. In addition, a central evaluation organ will be established in the Ministry of General Affairs.

IV. Conclusion

It is almost 15 years since the last case of inter-ministerial reorganization; namely the establishment of the Management and Coordination Agency by consolidating the Administrative Management Agency and the part of the Prime Minister's Office.

Unlike this last case of inter-ministerial reorganization, the reorganization of this time involves all the ministries and agencies, namely 23 ministerial-level organizations will be restructured into 13 organizations. Such a fundamental restructuring of this scale has never been experienced in Japan in peacetime.

In any developed countries, it is very difficult for various reasons to substantially carry out the abolition or consolidation of ministerial-level organizations. While establishing new ministries/departments is a common phenomenon observed in many countries, few countries, especially where the establishment or abolition of ministerial-level organizations is regulated by law, have been successful in abolishing or consolidating ministerial-level organizations. This fact alone tells us the difficulty of reorganizing ministerial-level organizations.

As mentioned above, the current government reform efforts in Japan are so wide-ranging and cover almost every important aspect of public administration. There are various reasons, including the stringent financial condition of the Government, why the current government reform has become so drastic and wide-ranging. This paper focused mainly on the reform of the structure of the central government. Naturally, there is a criticism about the details of the current government reform. However, in view of the fact that the re-structuring of ministries has been almost taboo in Japan for a long time, the reform of this time should be highly appreciated. If the current efforts to implement inter-ministerial reorganization and other reforms turn out successful, an inter-ministerial reorganization will not be regarded as taboo any more.

We should also bear in mind that organizational changes as well as personnel changes are expected to result in changes in the framework and the process of decision making and such changes, in turn, are expected to result in changes in the content of decisions as well as in the speed of decision-making.

In conclusion, I would like to emphasize several important points to make the current government reform as meaningful and fruitful as possible.

1) Changes in the mentality, attitude and culture of civil servants, politicians and the people

Every system and organization is operated by human being. If people concerned do not fully understand the meaning and importance of reform, and if they do not change their mentality or consciousness, attitude and the culture, expected results may not be produced.

2) Strengthening the role of politicians in the decision-making process and constructing the cooperative relationship between politicians and administrators

The role of politicians will become more crucial and they will be forced to be more responsible for major decision-making under a new structure. But they cannot do everything by themselves. Civil servants cannot, of course, do everything by themselves, either. They need each other. So, the cooperative relationship should be constructed between them, each sharing appropriate roles and responsibilities.

3) Follow-up of the reform efforts by the mass media and the public

The mass media as well as the public should continuously watch the progress and results of reform. They should resort, if necessary, to the Law on Access to Government Information (the Japanese version of the Freedom of Information Act), which was enacted last May. It makes the government more responsible for implementing the reform as promised.

4) Public disclosure of the results of the reform

The government should make every effort to disseminate the progress and results of the reform to ensure the support of the general public as well as the parties concerned.

Table Major Structural Changes of Ministries and Agencies

<Current>	<New> from January 1, 2001
Cabinet Cabinet Secretariat Prime Minister's Office National Public Safety Commission (Police Agency) Management and Coordination Agency Hokkaido Development Agency Defense Agency Economic Planning Agency Science and Technology Agency Environment Agency Okinawa Development Agency National Land Agency Financial Reconstruction Commission (Financial Supervision Agency)	Cabinet Cabinet Secretariat Cabinet Office National Public Safety Commission (Police Agency) Defense Agency
Ministry of Justice Ministry of Foreign Affairs Ministry of Finance Ministry of Education Ministry of Health and Welfare Ministry of Agriculture, Forestry and Fisheries Ministry of International Trade and Industry Ministry of Transport Ministry of Posts and Telecommunications Ministry of Labour Ministry of Construction Ministry of Home Affairs	Ministry of General Affairs Ministry of Justice Ministry of Foreign Affairs Ministry of Treasury Ministry of Economy and Industry Ministry of National Land and Transport Ministry of Agriculture, Forestry and Fisheries Ministry of Environment Ministry of Welfare and Labour Ministry of Education and Science
	* Translation of the names of new ministries are tentative