Administrative Reform versus Sector Politics in Japan :
From a "Policy Networks" Perspective

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Problems of Sectionalized Governance in Japan

Governance in Japan looks monolithic at a glance because basic policies have not changed over forty years under the semi-permanent dominance of the Liberal Democratic Party. Bureaucracies also look like maintaining the "esprit de corps" under the flag of the "rising sun." But, when one looks into the working of public bureaucracy, he or she may find that ministries compete each other in order to promote their agency interests. Although the parliamentary cabinet system premises coordination of sector policies at the cabinet level (Campbell 1988), in Japan, control and power of the cabinet are, however, substantially weak. Each ministry develops a highly complex policy network, and then, relatively independent subgovernments grew out. A metaphor of "the United Ministries of Japan" suggests that the centripetal force of the state is emaciated at the sector level, while Japan remains some elements of a strong state in a comparative sense.

In a such sectionalized governance, any comprehensive institutional reforms is fundamentally difficult, for each ministry and the

related client groups must oppose to any threatening activities from the outside. If their relationships are hierarchical, there may be some possibility of change, for the powerful bureaucrats may be able to change the structure of network coercively as in the prewar Japan. In most cases, however, the interdependence among actors is the properties of policy networks. While bureaucrats seek a stability of network on the one side, client groups tend to seek stable allocations of interests. This reciprocity underlies a unity of the sectoral networks. In the end, any comprehensive administrative reform to change sectionalized interests must be essentially very difficult in the sectoral governance, even if the government attacks the sector politics from all sides. Particularly in an age of fiscal austerity, each ministry is often the promotion of its own political and administrative interests.

A Case Study : Limited Success of a "Strong" Reform Commission

At the beginning of the 1980s, an advisory commission for administrative reform was inaugurated to reorganize the public sector. The Commission was called the *Rincho*, which was surely a "strong" reform commission. Under the strong support of the cabinet, Liberal Democratic Party, economic leaders, and public opinion, the Commission investigated every conceivable kind of public institutions and policies. Mr.Toshio Doko who was the first chairperson of the Commission was known as a man of simple life and famous of restructuring large deficit companies. Other eight commission members included : three from the economic circle, one from the academy community, two from the labor groups, one from the press, one from local government, and one governmental officials. The Commission had three subcommittees, including twenty-one experts and thirty-nine counselors who were engaged in the deliberation. The secretariat, which was located in the Prime Minister's Office, was composed of over a hundred officials,

consisting of the delegations from each ministries (Wright and Sakurai 1987).

The Doko Commission proposed the large-scale reform plans under the mission of financial reconstruction without tax increase. The proposal included the privatization of three major public corporations (Japan National Railways, Nippon Telephone and Telegraph, and the Japan Tobacco and Salt Corporation), deregulation, decentralization, and streamlining of governmental organizations. After the dissolution in 1983, an advisory council to promote administrative reform was established. The new council was reauthorized in 1987 and 1990. In sum, the Government has been struggling to reform the structure of governance over ten years.

The efforts must be evaluated. Compared with other OECD countries, Japanese efforts such as the privatization of National Railways, the restoration of national budget balance, and personnel reduction are in no way inferior (Crozier 1989 ; OECD 1990). However, the properties of sectionalized governance, especially the exclusiveness of sectoral politics have not changed despite the reform efforts. The strength of the sector politics can be best observed in the cases of deregulation and reorganization.

In the deliberation process of the Doko Commission the national associations of business groups such as *Keidanren* (the Federation of Economic Organizations) insisted more open markets. They supported the basic principle of the Commission to rationalize governmental regulations and permissions. However, individual industrial circles, which are protected by governmental regulations, were strongly opposed to the reform proposal.

For example, the Commission proposed to relieve the regulation on the "safety check" of automobiles. The car owners had a duty to check their automobiles every two years. The reform commission proposed to extend the term for every three years because the Japanese cars tend to have less troubles. Since the associations of auto-repair shops could

suffer serious economic loss, they were strongly opposed to the pro-posal. The Ministry of Transport backed them from the standpoint of the safety of automobiles. After the serious negotiations, the Commis-sion agreed to extend the first safety check to the third year.

Like the case of "safety check" regulation, a number of client groups in other sectors appealed loudly to maintain the existing regula-tions. Bureaucrats in each ministry also stressed the significance of the existing laws and regulations. After all, the reform commission was forced to reconcile and thereby to produce marginal results. Although the Doko Commission and the succeeding council submitted reform plans to improve about five hundred regulations and permissions, the figure was only a small portion of governmental regulations over ten thousand.

The governmental reorganization plan is another example of the independence and strength of the sector. In Japan, the organizations of ministries and agencies look quite stable, compared with other coun-tries (Kaufman 1976). No ministry is established after 1960, and only three agencies (the National Land Agency, the Environmental Agency, and the Okinawa Development Agency) were established since the 1970s. In addition, even the rearrangements of internal organizations, i.e., "bureaus" of the ministries and agencies rarely happens. Such stiffness of government structure is considered a reflec-tion of sector politics ; each bureau is essentially a part of policy networks. This means that even a consolidation of two bureaus may be great things for the ministry.

In the process of administrative reform in the 1980s two consolida-tion plans were discussed ; first, the establishment of the General Management Agency by the consolidation of the Administrative Management Agency and a part of the Prime Minister's Office ; second, the establishment of the General Planning Agency through the consolidation of the National Land Agency, the Hokkaido Development Agency, the Okinawa Development Agency, and the Economic Plan-

ning Agency. With the approval of the former plan, the Management and Coordination Agency was established in 1984. The plan of the General Planning Agency was, however, defeated at the beginning of deliberation stage. The targeted agencies strongly resisted to the plan to protect their interests.

The rearrangements of internal organizations showed variations in action. In some ministries, the bureaucrats who recognized the need for rearrangement had used the recommendations of the reform commission for a clue of "new deal." The Ministry of Transportation, the Ministry of Post and Telecommunications, and the Ministry of Education were the cases. However, in general, the reorganization of the central organizations confined itself to a marginal change. Thus, administrative inertia backed by the sector politics still goes on.

On the other hand, we have to pay more attention to the phenomenon that each ministry and agency establishes a number of quasi -nongovernmental organizations behind the curtain of streamlining. It makes the institutional relations between the public-private sectors more complex. New management theory should be developed to involve these complex relationships (Peters 1988).

Do the Forms of Sectoral Networks Matter ?

Administrative reform in the sense of rebuilding institutions may contain a number of issues varied from the reorganization of governmental machineries to the abolition of a trivial regulation. At the same way, the form of administrative reform may vary in nations of different political institution (March and Olsen 1989). In the analysis of reform efforts, more attentions have to be paid to the properties of state -society linkages which define the contents of administrative reform in each nation (Peters 1988).

In the analysis of Japan's reform experiences throughout the 1980 s, the most impressive finding is that a "strong" reform commissions

backed by the state power and with the strong support of powerful economic associations could achieve a little success in reorganizing the governance process. Why was the success limited? Among several factors, we think that the change in the state-society relation is most important. Compared with the past, the societal forces are becoming stronger at the sectoral level in Japan. Client groups can voice in the policymaking process through various channels. Advisory councils are established at every policy sector, where the representatives of client groups can stress their interest as a member of council. Except the formal stages, the bureaucrats communicate constantly in interacting with their clients, for the bureaucrats daily communications are the tools of effective policy implementation.

Do the forms of the networks at the sector level influence administrative reform? Loosely coupled networks like "issue networks" (Heclo 1978) in the United States are few in Japan. Integrated participation of groups to the governmental policymaking as in the Nordic countries (Olsen 1981) cannot be seen in Japan. As I mentioned earlier, the relationships between bureaucracy and the peak associations of client groups are not hierarchical in most networks. However, client groups themselves are often arranged in a hierarchical manner. In this form of sector networks, policy management may be easier than that of "issue networks." However, administrative reform that proposes any reductions of sector interests is very difficult, even if it is backed by the authority of the government. In other words, the changes of sector networks needs agreement of the networks' interests for a precondition.

For these reasons, a comprehensive administrative reform in the sectionalized governance tends to be limited. The Government often exaggerate the fruits of administrative reform only killing weak networks which have little power to resist. These implications have drawn out from Japan's experiences. We think that they may be adopted in other countries with similar sectionalized governance.

Reform Strategies

Japan having its own unique institutions shares some properties of changing state-society linkages. This means that we can share some problems of governance reform with other countries (Jun 1991). Again, the state-society relation in Japan is divided into the semi-autonomous sectors. Although the state power is not so weak in a comparative sense, the sectors are considerably independent from the coordination of the cabinet. In each sector, governmental institutions and societal groups form complex reciprocal relations. In most sectors, client groups are arranged in a hierarchical manner to keep order. It is very hard for a new member of the network to climb up the ladder to influence policy agenda. The prevailing style of policymaking is so-called "logrolling" negotiation between the bureaucrats and the representatives of client groups.

In such sectionalized governance, comprehensive administrative reform is essentially difficult because reform strategy is dependent on the agreement of each network. This environment resembles much with the international negotiation like the GATT Uruguay roundtable. The representatives from each country carries domestic consensus on the issue. He will compromise in the game only when the alternatives are acceptable in consideration of domestic interests. In the analysis of this international politics, Robert Putnam presented an interesting theory named the "two-level games" model (Putnam,1988). Putnam argues that a tentative agreement is achieved through bargaining among negotiators (Level I) ; and then, it needs domestic ratification in each country (Level II). In the theory, the larger the size of "win-sets," that is all possible agreement that can gain the necessary majority among the constituents, makes Level I agreement more likely. The size of "win-sets" depends on the factors such as the strength of government and tradition of political institutions of each countries.

We may find that such strategies at the stage of international negotiations resemble that of "strong" reform commissions in Japan. Translating this model into the context of comprehensive administrative reform, we may say that the possibility of reform agreement depends on the size of "win-sets," but it depends on the nature of sectionalized institutions. Then, the role of chief negotiator, i.e., the leader of reform initiatives, is critical. If he could propose attractive "win-sets" for the representative of the sector, an agreement will be achieved at the center, and then, a reform plan will be ratified at the sector level.

However, administrative reform under the fiscal austerity shall restrain the size of possible "win-sets." If the reform strategies contain some reallocation of resources among sectors, the possibility of agreement may be seriously decreased. There emerges a contradiction ; in the weaker state, stronger leadership of the government is necessary for a comprehensive reform. This suggests that partial reform strategy is to be welcomed as a realistic choice in a highly complex society. Reform leaders should be aware of the difficulty in implementing the top-down approach to administrative reform.

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