

Interdepartmental Coordination to Address Cross-Cutting Policy Issues:  
A Case Study of Logistics Policy in Japan (Work in Progress)

Yasushi Sukegawa\*

International Conference on Public Policy  
Singapore June 28, 2017

### **Introduction**

This paper is aimed at exploring what connects Japanese government departments on a shared mission. Whereas some characteristics of the Japanese state indicate the potential for coordination (Pempel 1982), the issue of coordination has maintained its relevance in Japanese public administration despite more than decades of reform. Coordination is considered problematic especially at the interdepartmental level. Government departments have typically caused public outcries by failing to work together to address cross-cutting policy issues which do not neatly fit into but cut across the existing delineation of departmental portfolios. The past two decades, however, have witnessed government departments having begun to act in tandem to leverage on synergy in problem solving even without explicit top-down interventions. While such cases may be limited in number and in the degree of success, this trend looks more substantial than before.

It seems that the exiting studies on Japanese public administration have not necessarily fully examined when interdepartmental work successfully emerges from equals. The somewhat dominant reformist school of thought has taken the view that the “weak” center of the government make coordination difficult to achieve while ministries enjoy too much freedom of action. They thus have called for a stronger Prime Minister, and pursuing horizontal effort by ministries is not their focus. For authors of empirical research, the objective has mainly been to assess government policy in the area they examine. The lack of interdepartmental coordination is often the phenomenon to be criticized (but not to be explained). Relatively in recent years, writers have gradually come to report successful cases of horizontal policymaking (Hase 2011, Furukawazono 2008, Shimada 2008). Their research has mainly focused on the process of how joint work emerged after interdepartmental strife in the case they examined.

Meanwhile, the voluminous body of literature on interorganizational coordination in management and organization studies and public administration has provided a number of concepts, factors, strategies, and analytical and explanatory frameworks of coordination (6 1997; Alexander 1995; Alter and Hage 1993;

---

\* The views expressed are solely the author's and do not necessarily represent those of the organization he belongs to.

Bardach 1998; Bouckaert et al. 2010; Peters 2015; Rogers and Whetten 1982; Sullivan and Skelcher 2002). I would say that Fritz Scharpf's work (1993; 1997) in particular will offer a great deal to understand and explain interdepartmental coordination in Japan. Based on his framework, I will specify several key factors that regulate Japanese departmental behavior and interdepartmental relations. A set of those organizational and relational conditions can describe a typical situation of interdepartmental policymaking in which ministries tend to act independently and separately. This set of the conditions may be viewed as determinants of failed coordination. For interdepartmental work to develop, at least one of the conditions is expected to be changed by some force outside the mechanism.

Logistics policy is an appropriate case to examine for this purpose. Logistics is a cross-cutting issue in Japan. A dozen ministries are relevant to the issue. They dealt with the issue in their own ways, and some of them competed against each other over for decades. It was a typical situation of rivalry. However, the most relevant ministries shifted their attitude from one of negative to positive toward joint action.

I found that in the examined case the most important condition was one to allow ministries to withdraw from interdepartmental relations. The competing ministries began to search for how to work together when the withdrawal was made extremely difficult by the government strategic document. Policy preferences may also be an important factor. It seems that at least some degree of convergence on the policy preferences of individual ministries would be needed since individual ministries are established to serve the respective missions given by law. By contrast, resource exchange does not appear as a driving force in the case of logistics policy while the self-interest factor does not hamper interdepartmental cooperation.

### **Search for Coordination and Departmentalism in Japan**

The modern Japanese state seems to have experienced fragmentation in the national bureaucracies as early as the 1880s (Imamura 2006), and the fragmentation was obvious to the eyes of public administration scholars in the 1920s and 1930s (Royama 1928, Suehiro 1931 [2000]; Tamura 1938). How to integrate government functions concerned government leaders during the war (Kasahara 2004; Kasza 1998). Coordination has been among the main agendas for a series of postwar administrative reform (Makihara 2009). The Japanese version of the "doctrine" of coordination (Hood 2005, 19) was called "integration" in the prewar era and its postwar name is "holistic coordination." A number of authors have observed intense departmentalism in the Japanese national bureaucracies (Neary 2003; Schwartz 1998).

To achieve greater holistic coordination, the reformist emphasis has been mainly on hierarchy and the center. The administrative reform of 2001 was a remarkable step in this regard. The Prime Minister's authority as the head of Cabinet was strengthened. The Cabinet Secretariat was given the mandate to engage in planning and coordination on important matters for Cabinet. The Ministry for the Prime Minister was upgraded higher

than line ministries to become a Cabinet Office and was tasked to lead important cross-cutting issues such as science and technology, disaster management, gender equality and regulatory reform. Cabinet-level minister in charge of policy coherence were established to handle those cross-cutting issues. A mechanism of interdepartmental coordination was codified in law, by which ministers were given the authority to have a say to each other's policy as well as to ask for each other's information and data. A few more politicians were appointed as deputy ministers and parliamentary secretaries in each ministry to assert political leadership, and deputy ministers were mandated to get together in order to promote interdepartmental coordination.

At the same time, departmentalism has been viewed as something to eliminate. The popular understanding is that departmentalism is caused by departmentalized accession and promotion (Koh 1989). National civil servants are in practice accepted by and get promoted within individual ministries. The success of their professional life depends on the organization which provides them with career paths and even takes care of their jobs after retirement. As a result, civil servants come to identify themselves with the ministry to which they belong. There is no government official but are finance officials, education officials, agriculture officials and so on. The prescription is that personnel management should be unified under Cabinet with the aim to make civil servants more loyal to the whole (Omori 2006). The creation of a Cabinet Personnel Bureau of 2014 can be understood as a highest point of this line of argument. The Bureau manages the promotion of civil servants at the deputy director-general rank or higher of all the ministries.

Nevertheless, effort on the part of government departments is important when it comes to cross-cutting issues because those issues would require too much from hierarchy. The alignment of departments represents the basic categories of public needs in a country. Government functions are organized within the departments and become their missions. Policy is planned and implemented, resources are allocated, and expertise is accumulated, along the departmental lines. Cross-cutting issues do not respect this method of organizing and functioning. When an issue is to involve multiple sections, divisions or bureaus, usually an office one or two ranks up is supposed to handle coordination among the lower offices. Division directors are responsible for cross-sectional work; directors-general of bureaus for cross-division work; permanent secretaries and ministers for cross-bureau work. In any case, the ultimate authority and responsibility to ensure horizontality at any level in a ministry falls within the remit of the minister. By contrast, when an issue goes beyond the jurisdiction of individual departments, the relevance of ministerial control may be reduced. Who defines the issue and sets a policy goal? Which departments are relevant and assigned to what tasks? What if there are different ideas or even disagreements on the course of action to take? Who monitors implementation and assess policy outputs or outcomes? If something turns out to be wrong, who is responsible for what part of the situation? Ways cross-cutting issues fog the policy process may turn the virtue of departmentalization—efficiency by segmentation and specialization—into departmentalism and fragmentation.

There is no decisive way to overcome this difficulty. A number of strategies and instruments,

hierarchical or non-hierarchical, formal institutional or more practical, have been proposed and carried out to achieve coordination. Nevertheless uncertainties caused by cross-cutting issues may continue to bring about an opportunity for government departments to make freer maneuver. If political leaders have to rely on government departments perhaps more than they want to, this in turn suggests a greater role of the coordinated in coordinating themselves to address cross-cutting issues. It is departments that are equipped with expertise and knowledge. They exercise regulatory powers and run programs. They manage human and organizational assets and other resources to design and implement policy. More effort should be made horizontally at the (inter)departmental level instead of waiting for instructions from the top or before facing public outcries, let alone without exploiting the complicated situation.

While fragmentation can occur within a ministry and within a bureau, self-coordination can take place between government departments even where departmentalized employment exists. In fact, Japanese ministries seem to have begun to act together. It is important to ask once again why ministries fail to work together, rather than simply attributing their coordination failures to individual departmental employment.

### **Logistics as a Cross-cutting Policy Issue**

In Japan there is no government department that is tasked to logistics policy. Instead, more than several ministries supervise sub-functions of logistics or other functions relevant to logistics. When the Logistics Policy Outline, the first attempt to make a whole-of-government logistics policy, was submitted to Cabinet for its approval in April 1997, eight ministries co-sponsored the item. They were: the Environment Agency, the Economic Planning Agency, the Ministry of Agriculture, Forestry and Fishery (MAFF), the Ministry of Construction (MOC), the Ministry of Finance (MOF), the Ministry of International Trade and Industry (MITI), the Ministry of Transport (MOT) and the National Policy Agency. Fourteen ministries joined the interdepartmental committee when it was established to promote logistics policy in accord with the Policy Outline.

Logistics had become a societal problem in the 1960s, when it was argued that logistics was the main bottleneck for economic growth. The issue of logistics came back to concern policymakers in the late 1980s. This time multiple challenges were emerging as the speed and volume of the goods movement boosted. To take some examples, logistics services were considered to be inefficient and contributing to the high level of retail prices. Labor shortage in the transport sector was serious. In particular, small-lot, high-frequency deliveries were allegedly leading to the deteriorating work conditions of truck drivers. The increased demand for trucking was causing traffic jams in urban areas while raising concerns for air pollution and greenhouse gas emissions. Logistics was listed on the agenda of foreign trade talks partly because of somewhat outdated

business practices. The issue of logistics obviously required cross-departmental engagement. Thus created is an opportunity on how to cope with the new multi-faceted policy issue.

### **Government Departments Relevant to the Issue of Logistics in the 1990s**

Demand side of logistics services

- manufacturers, wholesalers, retailers – MITI, MAFF

Supply side of logistics services

- Transporters, forwarders – MOT

Social infrastructure

- port, airport, rail – MOT
- road, urban development – MOC

Regulations and law enforcement

- customs – MOF
- exports and imports control – MITI
- quarantine – MAFF, Ministry of Health and Welfare
- traffic control – NPA, MOT
- safety and environmental regulations – MOT, Environment Agency
- work conditions – Ministry of Labor
- antitrust, competition – Fair Trade Commission, MITI

Macro concerns

- prices – Economic Planning Agency
- climate change – Environment Agency

Note: The eight ministries that sponsored the Logistics Policy Outline of 1997 are indicated in bold font.

A number of departments rushed to address the issue of logistics in one way or another. In particular, MITI, MOT, MOC and MAFF launched various policy initiatives of their own (while there was sometimes interdepartmental cooperation as exemplified by the ministries of labor and transport working together on the problem of work conditions of the transport sector). This paper focuses on coordination between the most relevant departments: MITI and MOT. Only the two ministries had been equipped with wider authority and mandate to discuss logistics policy as a whole. However, MITI and MOT had been competing against each other. Since the 1960s, each of them had released several reports on the issue of logistics, established new offices, and proposed new programs. For example, in 1984, seeing that MITI set up in May meetings with corporate leaders to discuss international logistics, MOT followed suit by organizing a similar study group in August. MOT's move was understood as one "to compete against MITI and take the lead in logistics policy."<sup>2</sup>

Entering the 1990s, MITI came to collide with MOT. Case in point is the enactment of the Act to Improve the Efficiency of Logistics of Small and Medium Enterprises in May 1992. This law offered financial

---

<sup>2</sup> *Nihon Keizai Shimbun*, August 2, 1984.

and other supports for joint logistics activity by small- and medium-sized companies. Some of the regulatory procedures required by MOT were to be exempted so that such joint activities could take off quickly. Yet it is possible to infer that MOT was not happy from the following remark by a legislator at a session of the commerce and industry committee of the lower house when the bill was submitted to the Diet:

Because we have [officials of] the Ministry of Transport here, I want to ask them a question. Listening to their discussions right now, I feel that what they say seems very unclear. Although they were claiming, in one sense, the current order of the transport markets should not be disturbed or something like that, I was wondering if MOT could give more positive support to this bill. Probably around the end of last year, I heard that there was considerable discord between MITI and MOT. Frankly I would say that ministries should no longer be turf-minded.<sup>3</sup>

The legislative process of this law indicates that it was essentially MITI's initiative even if it was officially joint legislation (Nakata 1993).

MITI championed the policy concept. The slogan, "modernization" in the past, was termed "efficiency" in the 1990s. MITI was thinking of efficiency in terms of the total logistics cost the society and economy incurred as well as international competitiveness. MITI favored competition in the transport sector and thus deregulation by MOT. On the other hand, MOT liked to improve the capacity and environmental sustainability of the transport sector. In December 1996, the Japanese government approved its plan for economic structural innovation. The plan, adopting MITI's definition of the logistics issue, called for logistics policy to be made no later than the end of the fiscal year of 1996 (i.e., March 1997). MITI succeeded in drafting it and assuming a coordinating role in the policy process (Nakata 1997) while MOT's position was reduced to one of the coordinated departments. On April 4, 1997, Cabinet endorsed the Logistics Policy Outline. This government's strategy for logistics policy formulated overall goals, areas of focus and major programs. It was virtually MITI's work, though officially a product of collaboration of the five ministries (MITI, MOT, MOC, MAFF and NPA). Actually MITI's press release looked like as if the Policy Outline was its initiative. The document may be said to reflect MITI's view: international competitiveness and deregulation were much more touched upon than the labor shortage and productivity of the transport sector.<sup>4</sup>

The MITI-MOT strife occurred again in the summer of 1997 when it was revealed that MITI was planning to establish a Logistics Policy Division. The result was that MITI changed the planned name to Industrial Distribution Policy Division. It was widely known that the mutual understanding of the two ministries was neither side would use the term "logistics" to name their division. Though MOT managed to

---

<sup>3</sup> Minutes of the Commerce and Industry Committee of the House of Representatives of the 123rd Diet, no. 8 (April 22, 1992).

<sup>4</sup> *Nikkan Kogyo Shimbun*, May 28, 1997.

avoid further humiliation, it is not too much to say that MITI was the winner of the interdepartmental competition in the 1990s.

### **MITI-MOT Reconciliation: From Rivalry towards Cooperation**

By contrast, METI and MLIT<sup>5</sup> seemed to begin to work together when the Logistics Policy Outline was revised in July 2001. Unlike the first Policy Outline, this revised one was made through much more integrated effort by the two ministries. They jointly invited public comments on logistics policy and had a joint press conference.<sup>6</sup> More importantly, the new Policy Outline of 2001 seems to take in the voice of the former MOT offices. Environmental issues and social infrastructure were given more consideration than in the first Outline. A particularly significant change to note is that the new Policy Outline endorses “modal shift,” MOT’s longstanding policy idea to shift long-mile freight traffic from road to rail and sea (whereas the previous one did not mention this policy). Meanwhile, the section to mention deregulation disappeared from the document.

Policy development since then has been much more one of cooperative initiative between METI and (the former MOT offices of) MLIT. The Logistics Policy Outline has been successively renewed in the name of the two ministries. This trend became clearer on November 19, 2004 when they together established the Logistics Policy Council, a joint platform for policy deliberation on the issue of logistics. The scope of their collaboration came to include international logistics as they again jointly established a committee on promoting international logistics policy in May 2004 and launched the international logistics competitiveness partnership program in August 2006. Moreover, METI and MLIT extended their cooperation to the environmental aspect of logistics policy. They announced in September 2004 that they would launch the Green Logistics Partnership program, a public-private initiative to “greenize” logistical activity.

The two ministries have successfully cosponsored a couple of important laws. The most significant one is the Act to Improve Logistics Efficiency of 2005. This legislation was joint work by MAFF, METI and MLIT. The Act was to provide a wider range of means of support to a wider range of businesses than the small business logistics efficiency law which MITI made in 1992. As a result, the previous law was abolished by the enactment of this new one. Interestingly, the former MOT office of MLIT played a lead agency role. In fact, the bill of this new law was submitted to and discussed at the Social Infrastructure and Transport Committee of the Diet (whereas the bill was sent to the Commerce and Industry Committee in the case of the 1992 legislation). This means the bill’s main sponsor is MLIT.

---

<sup>5</sup> MITI was renamed as the Ministry of Economy, Trade and Industry (METI) when the organizational reform of the governmental departments came into effect in January 2001. At the same time, MOT was merged with MOC and two other agencies, to become the Ministry of Land, Infrastructure and Transport (MLIT). In 2008 MLIT reconsolidated several offices to establish the Tourism Agency. The current name is the Ministry of Land, Infrastructure, Transport and Tourism, but the abbreviation MLIT remains unchanged.

<sup>6</sup> *Kotsu Shimbun*, August 6, 2001.

The revised Energy Saving Law of 2005 is another good example of such cross-ministry work. The law is mainly within METI's jurisdiction. But the 2005 revision of the law made it mandatory for the transport sector to make effort to reduce energy consumption. In one sense, MLIT came under METI's policy scheme of energy saving. METI got MLIT's clients involved in its mission. At the same time, METI allowed for MLIT access to its fund operated under the scheme. Thus, there is a clear contrast between the MITI-MOT relationship in the 1990s and that in the 2000s. This remarkable development in joint action by the two ministries is something we can hardly imagine of the ministries that were previously engaged in intense competition.

The Logistics Policy Outlines are revised every four year: in 2005, 2009 and 2013 (and new one coming this year). While the two ministries assume the role of co-lead departments, a different set of ministries have begun to work together depending on the matter. For example, a range of port procedures of several ministries have been consolidated under MOF's system of the electronic processing of air/sea cargo clearance, starting in 2001 (Sawafuji 2011). For another, the Ministry of Environment (MOE)<sup>7</sup> has strengthened its relations with MLIT to develop environmentally sustainable transport. MLIT has gained access to MOE's fund. MAFF works together with METI and MLIT on the logistics of agricultural products. MAFF also cooperates with MLIT to promote food products exports.

After several decades of independent work, horizontal cooperation for logistics policy has taken root among the relevant ministries at last. Crucially important for the development of this cross-departmental effort was that the most relevant ministries, whose functional portfolios affect the course of governmental action materially, shifted their attitude from one that was somewhat negative and indifferent to one that took a positive view of the greater purpose.

## **Approach**

To examine why horizontal policymaking is difficult to occur and when it can take place, this paper frames interdepartmental coordination as a type of interorganizational relations. This approach is worth trying if research is intended to explain why they work together or fail to, rather than to what extent coordination is achieved. An advantage here is that the phenomenon to be explained is a nominal variable and classification is relatively easy. Japanese government departments, when faced with cross-cutting issues, have shown some distinguished patterns of relationships. These patterns can be categorized as: rivalry, negligence, solo action, and cooperation.<sup>8</sup> The variance of the explananda is thus limited to the four categories. If the level or degree

---

<sup>7</sup> The Environment Agency was upgraded to the status of a full ministry as a result of the 2001 reform.

<sup>8</sup> Philip Heymann (1987, 100) argues that a government agency facing shared responsibilities can seek any of three relationships, namely: allying itself with other agencies to enjoy the benefit of cooperation; keeping distance itself from others while maintaining jurisdictions and boundaries because the prospects of cooperation are not good; or competing against others for their



of actual policy coherence is to be examined, then coordination will be expressed in ordinal scales or even numeric terms, and measurement and assessment will be a challenge. Defining coordination might be a difficult task in the first place given that there are a variety of concepts of coordination (cf. Peters 2015), and the choice in one research would be tailored for its purpose and thus different from in each other study. On the other hand, the types of interdepartmental relations may be applicable to a broader range of cases.

### **Patterns of interdepartmental relations**

First, “rivalry” is a pattern which refers to interdepartmental competition. Government departments fight over a cross-cutting issue and want to address it in their own ways. Competition itself is an effective mode of control and can create vigor and productivity (Hood 2004). Excessive competition, however, may prevent ministries from pursuing a common objective. This is often the case for Japanese ministries. One OECD report (2000, 144), which evaluates Japan’s environment policy, may be said to share this concern when it says: “Agencies and ministries seem to act independently in a spirit of competition rather than cooperating fully.” Logistics policy before the 2000s is a typical case of rivalry.

A second pattern is that ministries are indifferent to, or even negative about, forging a governmental effort to tackle an issue. They indeed avoid getting involved, and no action comes out. Such staying-away attitude may be labeled “negligence.” A good example to make this point is Tom Gill’s work (2005) on homeless policy in Japan. What he discovers is negligence by the central government agencies. A “no one is in charge” situation is the result of negligence, whereas a number of ministries claim to be in charge in the rivalry case.

Third, it can happen that some of the relevant ministries seek to address a cross-cutting issue while the others want to stay away from it. This pattern of interdepartmental relations may be called “solo action” in the sense that only the interested ministries contribute to policy response. What can be produced from such partial working of government will be significantly limited in scope and effect. A worse scenario is that the neglecting ministries may want to even defy the solo effort by the interested ministries. Immigration policy in Japan is a typical case of solo action: some ministries were positive about the idea of introducing foreign guest workers while others not, which resulted in an intense interdepartmental battle (Akashi 2010).

Last, “cooperation” is the pattern of interdepartmental relations which refers to the joint action of government departments for a shared goal. Their actions may be of various kinds but should not be just a sum of separate movements. Ministries share the policy goal and process. They adjust their policy lines with each

---

roles and activities. Heymann’s three types of response may roughly correspond to cooperation, negligence, and rivalry, respectively. Also, B. Guy Peters (1998, 303) refer to three types of situations of coordination problems: coordination may fail when two organizations perform the same task (“redundancy”), when no organization performs a necessary task (“lacunae”), and when policies with the same clients (including the entire society as the clients) have different goals and requirements (“incoherence”). His redundancy and lacunae may roughly correspond to rivalry and negligence.

other's, cosponsor a new legislative proposal, or launch a joint program. Those actions should be devised to serve the common purpose, and, as a whole, will begin to run as a coherent government policy.

These four patterns of interdepartmental relations are no complex. Three of them—rivalry, negligence, and solo action—are combinations of “that is mine” and “why me” attitudes and refer to failed coordination. Only one of them, cooperation, is successful horizontal policymaking. All the patterns are archetypes, and a real-world cross-cutting issue can involve two or more patterns since cross-cutting issues usually involve multiple aspects. In the case for logistics policy, competitive, indifferent and negative attitudes are all observed depending on the aspect of the issue, but it is the rivalry between the most relevant ministries that crucially characterized the interdepartmental relations and thus affected the course of horizontal policymaking.

### **Determinants of interdepartmental relations**

Fritz Scharpf provides a useful baseline argument to explain Japanese interorganizational relations. The basic idea of his non-market form of horizontal self-coordination is as follows (1993). Actors coordinate if all of them become better off by doing so. They do not when going to be worse off. Even if all the actors can be better off, another challenge arises: they cannot agree on how to share the expected payoffs. Where self-coordination depends on negotiations between the actors who are allowed to make unilateral movement, the distribution problem is not likely to be solved by the actors themselves. Scharpf (1997) developed his conceptions into what he calls actor-centered institutionalism, a comprehensive framework to account for interorganizational coordination and non-coordination, which consists of the configurations of: characteristics of actors, actor constellations, modes of interaction, and institutional settings. His framework offers a useful way of narrowing down possible explanatory factors. I identify a relatively limited number of key factors that regulate departmental behavior and interdepartmental relations in Japan. For the starter, employing those factors, I set conditions for a (stereo-) typical situation of horizontal policymaking where ministries tend to fail to work together. In such a situation, ministries act in an individualistic way although government departments act officially in hierarchy or at least in the “shadow” of hierarchy (Scharpf 1993).

*Condition 1. Departments have policy preferences different from one another's.*

*Condition 2. Departments promote self-interests.*

*Condition 3. Departments have their own resources available for individual actions.*

*Condition 4. Departments do not have to coordinate without their consent.*

*Condition 5. Departments can withdraw from interdepartmental relations.*

Conditions 1 through 3 are related to the characteristics of actors. More specifically, those conditions are premises about actor's preferences (action orientations) and capabilities (action resources). In terms of the

categories of organizational compositeness provided by Scharpf's typology, the Japanese ministries can be placed somewhere between individual actors and a "coalition" type of collective actors. Those actors are allowed to pursue individual purposes and maintain individual resources, which is the exactly case for Japan. Meanwhile, the actors of a coalition type are also assumed to have "by and large, convergent or compatible purposes" and use their resources "in coordinated strategies" (Scharpf 1997, 55). However, convergence on departmental purposes or preferences cannot be assumed for the Japanese interdepartmental policymaking. Instead, Condition 1 assumes that ministries have policy preferences different from one another's.

The most important driving force for a Japanese ministry's action may be its jurisdiction. Each ministry has been established to serve particular missions given by law. Ministries are empowered, organized, staffed and resourced for pursuing the given missions, which constitute and delineate their functional jurisdictions or, put differently, areas of responsibility. For a ministry to take on a policy issue, the ministry's jurisdiction has to be relevant to the issue. Then, the ministry's jurisdiction defines its policy concerns and preferences. As each ministry has a distinguished jurisdiction of its own, there may be a varying degree of the compatibility of policy preferences among ministries. Where the convergence is high, coordination may be easier (Akashi 2010). If the compatibility turns out to be negative, interdepartmental relations will be marked by hostility. In the case of logistics policy, MITI's policy idea of accelerating competition by deregulation and MOT's enhancing the capacity of logistics service providers suggest different focuses of the two ministries. Such lower degree of convergence on policy preferences would make coordination difficult.

Condition 2 refers to organizational self-interests. Ministries are assumed to pursue their institutional interests. Self-interest has been considered to be the major motivator for governmental organization's action. The budget maximizer (Niskanen 1971) is an example of a self-interested bureaucracy. This assumption goes along with the popular image of the turf-minded Japanese ministries. Indeed Scharpf himself remarks on distributional conflicts between the Japanese ministries (1997, 132). If we go on to further assume that ministries will pursue relative gains, it would be almost impossible for them to solve distributional conflicts by themselves. Both jurisdiction and self-interest are important as motives. The difference is that jurisdiction defines the course of effort while self-interest the intensity of effort.

Condition 3 supposes that ministries have their own resources at their disposal. This premise suggests that ministries do not necessarily have to cooperate in order to obtain resources from others. Resource exchange has been one of the major mechanisms for interorganizational coordination (Levine and White 1961; Pfeffer and Salancik 2003). Resources exchanged in the policy arena include: information, knowledge, money, authority, equipment, personnel and clients. For ministries in Tokyo, however, those resources, except for authority or legal powers, are not something that they have to exchange. Ministries prefer obtaining by themselves rather than exchanging or sharing with others because resources are an indicator for power and status.

Condition 4 is related to “modes of interaction” which are meant to be decision rules defined by the compositeness of the actors. Scharpf (1997) provides four types of modes of interaction: unilateral action (the mode for individual actors), negotiated agreement (for a “coalition” type of actors), majority vote (for a “club”) and hierarchical direction (for a hierarchical organization). Unilateral action and negotiated agreement are the usual modes of interaction for the Japanese ministries provided that they are placed somewhere between individual actors and a coalition type of actors as discussed above. There it is assumed that ministries can act unilaterally or choose to negotiate with others. Meanwhile, they are not allowed to violate others unilaterally and voluntary consent is needed to produce a binding agreement. Condition 4 thus assumes for horizontal policymaking in Japan that the decision rule for self-coordination is mutual agreement.

Finally, Condition 5 is about institutional settings. An institution setting refers to a type of structural environment that gives ministries incentives or constraints to shape their behavior. Of several examples provided by Scharpf (1997), “organization” is ruled out for the purpose of this paper. Neither “network” nor “association” is an appropriate institutional setting since such structures have not developed for a cross-cutting issue at an initial stage of policymaking. Policy is not formulated in an “anarchic field” either. Ministries are government departments located in the capital. There are formal and informal rules that all of them have to follow. For instance, a legislative bill proposed by one ministry will be submitted to the Diet only after Cabinet’s approval, which practically means the bill needs endorsement from all other ministries. Closest to the initial stage of horizontal policymaking would be “minimal institutions,” where actors are constrained by the minimum level of legal system (e.g., property rights) that protects their positions against unilateral violation. What should be stressed here borrowing from Scharpf’s minimal institutions is that ministries can withdraw from interdepartmental relations. Ministries do not have to participate in negotiations while agreed commitments bind the participating ministries. An exit option is supposed to be free or cheap. On the contrary, exits are not possible in “organization.” “Association” and “network” are in between: withdrawal is not impossible, but it would cost members to do so. Condition 5 indeed refers to a crucial aspect of the institutional setting for horizontal policymaking in Japan. Ministries can get out if they want to, no matter how others act. In the negligence case, all the relevant ministries leave the issue; in the solo action case, some of them withdraw.

This set of the five conditions presents a typical-ideal situation of interdepartmental policymaking in Japan. Conditions 1 and 2 are the main drivers for departmental action but at the same time are the source of fragmentation. Conditions 3 and 4 assume the independence of ministries in terms of resource and decision rule. Condition 5 allows ministries to leave the stage. Where these conditions are strictly upheld, self-coordination is not a likely phenomenon. It will be a tough process to hammer out a deal to ensure a course of joint action that will fall within the policy preferences of all the participating ministries. The deal will also have to make all of them better off. It is therefore quite understandable that hierarchy has been the

major method of coordination (Peters 2015), considering that hierarchy has the strong potential to control all those conditions.

One important implication is that once the relationship between ministries has been caught in a pattern of failed coordination, it would be very difficult to shift this trend. In such a situation, departments have already chosen not to work together. Therefore, in order for self-coordination to take place, some factor may well function to ease or change one or more of those conditions. In the case of logistic policy, ministries had acted independently and separately for long. The most relevant ministries in particular, whose functional portfolios affect the course of governmental action materially, had experienced intensive rivalry. However, they shifted their attitude from one that was somewhat negative and indifferent to one that took a positive view of the greater purpose. Departmental behaviors clearly deviate from the general expectations inferred from those conditions and are supposed to bear some strong values on the causal factors in such a “deviant” case (Gerring 2007, 52).

## **Analysis**

Interdepartmental relations between MITI and MOT began to shift from one of rivalry to cooperation at some point between the first Logistics Policy Outline of 1997 and the second one of 2001. The most obvious change happened to Condition 5, which is the two ministries were no longer allowed to exit. The first Logistics Policy Outline stated the government would review the Policy Outline in four years. The Outline also required the annual follow-up of policy progress to this end. Fourteen ministries established an interdepartmental committee to implement policy and monitor progress. Furthermore, the Outline required such interdepartmental work should be established at the regional level, too. Ministerial regional branches set up a joint committee for logistics policy in each region. Since the private sector and local governments were invited to join those regional committees, the regional initiatives came to be whole public-private partnerships. Such regional effort had been established in ten regions by 2002 and, for example, the initiative of the mid-western region (where Osaka and Kyoto are located) was comprised of more than forty organizations from the public and private sectors.<sup>9</sup> Every four year the Logistics Policy Outline is reviewed for updating and revising and the result is submitted to Cabinet at the national level, while the regional initiatives are managed at the local level. As a result, in terms of both formulation and implementation, it has become difficult for relevant ministries to get out of the policy process. This is especially so for MITI, MOT and MOC, which were designated as coordinators for logistics policy. There are a number of government strategic documents in a number of policy areas, but none of them seem to have systematically installed a connecting framework to this

---

<sup>9</sup> Interdepartmental Committee on Promoting Logistics Policy, “1st Follow-Up of ‘New Logistics Policy Outline,’” Reference Material 2 (August 7, 2002).

extent. The installation of the annual follow-up, quadrennial review and regional initiatives has indeed the effect of institutional lock-in in the logistics case.

Second, a remarkable change happened with regard to Condition 1. As shown above, MITI and MOT had different policy preferences from each other at the time of the first Logistics Policy Outline. However, in December 1996, MOT announced a plan to abolish “supply-demand regulations” in the transport sector. The ministry’s giving up its “core” method of policy came out amid the government’s intense deregulation initiative, one of the major political and administrative reforms in the 1990s. When making the first Logistics Outline, MOT was in the process of articulating deregulation plans in relevant bureaus. But gradually it turned out that MOT was surely on the move. This policy change of MOT to shift focus on creating open markets eliminated the bone of contention between MITI and MOT, and thus made it possible for the connected ministries to hammer out a joint course of action.

On the contrary, Conditions 3 (departmental resources) and 4 (mutual agreement) were largely maintained in the logistics case. The MITI-MOT reconciliation was not made in order to exchange resources between themselves. The revised energy saving act may be viewed as resource exchanges, but the bill came out some years after their joint work had begun. The joint work was not coerced by hierarchical or non-hierarchical actors, either. Although the need for a whole-of-government approach was called for, pressures from the public, the media or the industry remained somewhat general concerns and would not be enough to connect and bind the ministries into agreement. But MITI and MOT began to cooperate, if not fully, soon after the first Logistics Policy Outline was launched.

Condition 2 (self-interests) was supposed to harm interdepartmental agreement. An interesting finding of this research is that the first meeting of the interdepartmental committee established by the Logistics Policy Outline was held at MOT in May 1997.<sup>10</sup> Where the first meeting of such interdepartmental initiatives is convened is where the lead agency is. MITI did not stick to that position, and MITI, MOT, MOC assumed the one-year coordinator’s role on rotation. MITI might have prioritized joint work more than self-interests, or it might have considered the payoff and the cost of assuming the heavy responsibility to take the lead in formulating and revising governmental policy and monitoring and evaluating implementation, or both. As mentioned above, MOE allocated some portion of its funds to MLIT. If ministries seek institutional interests as much as possible, such an offer would not happen. Departmental behaviors in the logistics case suggest that self-interest may longer so strong a driving force as popularly imagined. If so, this may require reconsideration of the popular image of the Japanese ministries as tireless seekers for turf-expansion.

One important thing to add is that interdepartmental communications may have functioned as an intervening factor to facilitate horizontal work. In an interview conducted by a trade press in April 1998, one

---

<sup>10</sup> MOT, *White Paper for Transport 1997* (1998), chap 2.

year after the first Logistics Policy Outline produced, Mr. Keiji Wada, the Director-General in charge of logistics policy at MOT, was quoted to say:

Ministries have come to recognized that they were doing without knowing each other. It has also become the shared recognition that the issue of logistics cannot be dealt with by any single ministry. Thus, *kazetōshi* among ministries got dramatically improved.<sup>11</sup>

In an interview by the same press, Mr. Mitsuyasu Iwata, MITI's DG responsible for logistics policy, pointed out that the relevant ministries have come to work together due to the improved *kazetōshi* among them.<sup>12</sup> The Japanese word *kazetōshi* both MITI and MOT DGs used means “wind flow” literally, but is used as a metaphor of openness and communication in their remarks. When the two DGs point to the improved interdepartmental *kazetōshi*, they suggest officials from different ministries have come to speak to each other more frequently in a more open manner.

Mr. Wada of MOT reiterates this point on another occasion in the same year. In a talk with an academic and the CEO of *Nittsu*, one of the biggest logistics services company in Japan, conducted by a monthly transport business journal, Mr. Wada says:

Relevant ministries developed logistics policy in a more cooperative manner at the central and regional levels in order to improve the efficiency of logistics in the past year. While communicating with each other, we have come to know that each of us has addressed the issue of logistics with a more variety of policy programs than others expected. It is great progress that we have recognized that logistics can be made further efficient by making use of those programs in tandem.<sup>13</sup>

MAFF shared a similar recognition in 1998 when its official told before the council on food distribution that MAFF cannot come up with how to tackle logistics in its totality, and has to cooperate with MOT, MOC, MITI and the Ministry of Home Affairs.<sup>14</sup> Those comments are about horizontal interactions between the departments with no reference to hierarchical or non-hierarchical pressures. The driving force for the behavioral change is suggested to be one of voluntary and relational, and communications might have promoted this process by developing mutual understanding. When revising of the Energy Saving Law in 2005, a METI official was reported to say that they would “get along with MLIT peacefully.”<sup>15</sup> These

---

<sup>11</sup> *Ryutsu Service Shimbun*, April 14, 1998.

<sup>12</sup> *Ryutsu Service Shimbun*, April 17, 1998.

<sup>13</sup> “Thinking about the Future of Logistics” *Transport* (June 1998), p. 11.

<sup>14</sup> MAFF, the Minutes of the Seventh Meeting of the Council on Food Distribution (April 13, 1998).

<sup>15</sup> *Nikkei Kinyu Shimbun*, May 16, 2005.

pro-cooperation remarks indicate that interdepartmental relations have been developing into a policy community.

## **Conclusion**

In this case study I explored what made the Japanese ministries, which had previously fought against each other, work together to tackle a shared task. With this aim I set forth this question as a change in interdepartmental relations, and proposed to examine a set of key determinants of departmental behavior and interdepartmental relations. In the case examined, the most notable change which happened to those factors is that the ministries came to be bound to make government policy jointly. Japanese ministries, when lacking the will to coordinate, continue to act independently as long as there is an exit. However, they will soon try to find out what would be needed once they have known there is no way out. This behavior, often called “searching for a common ground first” by Japanese policymakers, denotes one of the distinct features of decision-making style in Japan. Once ministries have come to such a compromising mode, interdepartmental coordination may develop relatively quickly.

Such shutting-down of a way out functioned as the starter of interdepartmental coordination, but it is not obvious if this is a sufficient cause for cross-ministry work. MITI and MOT were in conflict partly because of their different focuses of policy. The pro-competition turn of MOT’s overall policy stance surely narrowed the “distance” between the two ministries over logistics policy, which may well have made their cooperation easier. Further research, conducted by configurative comparative methods for instance, would enable us to analyze the relationships between the working of those factors and specify a mechanism that regulates interdepartmental relations.

The case of logistics policy offers a couple of points to make. First, the withdrawal should be prevented not only in terms of who should act but also in terms of when to act. Interdepartmental cooperation began to develop relatively quickly once the Logistics Policy Outline had set the deadline in four years. Where ministries are connected but the deadline is not clear, they are allowed to postpone their joint action. Next, policy design produced by horizontal policymaking may remain modest one. For some, the first Logistics Policy Outline looked like a “collection” of the extant programs (Nakata 1997). If such labeling is correct, the succeeding Outlines have been of the same sort, too. Ministries as implementers would not be willing to jump for an ambitious idea of interdepartmental policy, anticipating heavy workload to come. This is especially so where the policy issue includes conflicting preferences.

The logistics case shows the Japanese bureaucracy’s still strong capability to organize stakeholders including themselves at the national and regional levels (exactly as the traditional image of Japan as a corporatist state may suggest). This suggests that once ministries are committed to cooperation, the process



will begin to run without asking for hierarchical leadership. The burden of political leaders to control and coordinate will be significantly reduced, if they can focus on the challenge of articulating goals and monitoring the results, instead of having to overseeing all the process. (At the same time, one would be reminded of Chalmers Johnson's comment (1975, 8) that departmentalism may be the "most effective restraint" on the powers of the Japanese ministries.)

To conclude, it seems to fair to state that departments can work together, on the contrary to the popular image of being mired in departmentalism. Since they may not be likely to do so unless forced to as organization has long recognized (van de Ven 1976), there has to be some force to connect them. In the case of logistics policy, it was the effect of the strict follow-up and review mechanism built in the governmental strategic plan. This process and somewhat non-ambitious progress afterwards may renew our sense that hierarchy would matter in the end, but still their shared notion of cross-ministry work as a necessary method of policymaking would also indicate that government departments may overcome departmentalism.

## References

- 6, Perri. *Holistic Government* (Demos: London, 1997).
- Akashi, Junichi. *Nyukoku kanri seisaku: "1990-nen taisei" no seiritsu to tenkai* [Japan's Immigration Control Policy: Foundation and Transition] (Kyoto: Nakanishiya Shuppan, 2010).
- Furukawazono, Tomoki. "IT Kihonho wa dou tsukuraretaka: Naikaku Kanbo ni yoru houan sakusei katei [How Was the IT Basic Law Made? Process of Legislation by the Cabinet Secretariat]" in *Seisaku Katei Bunseki no Saizensen* [Forefront of Policy Process Analysis], ed. Atsushi Kusano (Tokyo: Keio University Press, 2008).
- Gerring, John. *Case Study Research: Principles and Practices* (Cambridge: Cambridge University Press, 2007)
- Gill, Tom. "Whose Problem? Japan's Homeless People as an Issue of Local and Central Governance" in *Contested Governance in Japan: Sites and Issues*, ed. Glenn D. Hook (London: RoutledgeCurzon, 2005)
- Hase, Tomoharu. "Jidosha guriin zeisei wo chushin toshita jidosha kankyo taisaku no seisaku kettei katei to seisaku henyo: tayona suteikuhoruda no chosei katei [Policy Processes and Policy Changes on Car Environmental Measures Focusing on Green Vehicle Tax: Coordination Process among Various Stakeholders]," *Kokyo seisaku kenkyu* [Journal of Public Policy Studies] 11 (2011), 110-123.
- Heymann, Philip B. *The Politics of Public Management* (New Haven: Yale University Press, 1987).
- Hood, Christopher. "The Idea of Joined-Up Government: A Historical Perspective" in *Joined-Up Government*, ed. Vernon Bogdanor (Oxford: Oxford University Press, 2005).

- Hood, Christopher, Oliver James, B. Guy Peters, and Colin Scott, eds. *Controlling Modern Government: Variety, Commonality and Change* (Cheltenham: Elgar, 2004).
- Imamura, Tsunamo. *Kancho sekushonarizumu* [Bureaucratic Sectionalism] (Tokyo: Tokyo University Press, 2006).
- Johnson, Chalmers. "Who Governs? An Essay on Official Bureaucracy," *Journal of Japanese Studies*, Vol. 2, No. 1 (Autumn 1975), 1-28.
- Kasza, Gregory J. *The State and the Mass Media in Japan, 1918-1945* (Berkeley: University of California Press, 1988).
- Kasahara, Hidehiko. "Establishment and Development of Cabinet System," in *Nihon gyosei no rekishi to riron* [History and Theory of Japanese Public Administration], eds. Hidehiko Kasahara and Hideaki Kuwabara (Tokyo: Ashi Shobo, 2004).
- Koh, B.C., *Japan's Administrative Elite* (Berkeley: University of California Press, 1989).
- Levine, Sol and Paul E. White, "Exchange as a Conceptual Framework for the Study of Interorganizational Relationships," *Administrative Science Quarterly* 5, no. 4 (1961), 583-601.
- Makihara, Izuru. *Gyosei kaikaku to chosei no shisutemu* [Administrative Reform and System of Coordination] (Tokyo: Tokyo University Press, 2009).
- Nakata, Shinya. "Chusho Kigyo Ryutsu Gyomu Koritsuka Sokushin Ho Seiritsu madeno Keii to Doho no Motsu Imi [The Enactment of the Act to Improve the Efficiency of Logistics of Small and Medium Enterprises and the Significance of the Act]," *Shokei Ronso* (The Review of Economics and Commerce) 29, no. 1 (August 1993), 1-32.
- . "The General Principles of Distribution Policy." *Shokei Ronso* (The Review of Economics and Commerce) 33, no. 2 (July 1997), 124-152.
- Neary, Ian. *The State and Politics in Japan* (Cambridge: Polity, 2002).
- Omori, Wataru. *Kan no shisutemu* [System of Bureaucracy] (Tokyo: Tokyo University Press, 2006).
- Pempel, T. J. *Policy and Politics in Japan: Creative Conservatism* (Philadelphia: Temple University Press, 1982).
- Pfeffer, Jeffrey and Gerald R. Salancik, *The External Control of Organizations: A Resource Dependence Perspective* (Stanford: Stanford Business Books, 2003).
- Rogers David L. and David A. Whetten, *Interorganizational Coordination: Theory, Research, and Implementation* (Ames: Iowa State University Press, 1982),
- Royama, Masamichi. *Gyoseigaku soron* [Public Administration Overview] (Tokyo: Nihon Hyoronsha, 1928).
- Scharpf, Fritz F. "Coordination in Hierarchies and Networks," in *Games in Hierarchies and Networks: Analytical and Empirical Approaches to the Study of Governance Institutions*, ed. Fritz W. Scharpf (Boulder, CO: Westview Press, 1993).

- . *Games Real Actors Play: Actor-Centered Institutionalism in Policy Research* (Boulder, CO: Westview Press, 1997).
- Schwartz, Frank J. *Advice and Consent: The Politics of Consultation in Japan* (Cambridge: Cambridge University Press, 1998).
- Shimada, Akifumi. "Shocho-kan konfurikuto to gesuido gyosei [Interministerial Conflict and Sewerage Administration]," *Jichi soken* [Monthly Review of Local Government] 34, no. 7 (2008), 35-71.
- Suehiro, Izutaro. "Yakunin-gaku sansoku [Three Principles in the Study of Bureaucrats]," *Kaizo* [Reform] (August, 1931), republished as *Yakunin-gaku sansoku*, ed. Makoto Sataka (Tokyo: Iwanami Shoten, 2000).
- Sawafuji, Takuya. "Towards a Single Window Trade Environment: Japan's Development of a Single Window – Case of NACCS," Brief No.6, United Nations Network of Experts for Paperless Trade in Asia Pacific ((UNNExT), April 2011.
- Tamura, Tokuji. *Gyosei kiko no kiso genri* [Basic Principle of Public Organization] (Tokyo: Nihon Hyoronsha, 1938).
- van de Ven, Andrew H. "On the Nature, Formation, and Maintenance of Relations among Organizations." *Academy of Management Review* 1, no. 4 (1976), 24-36.