

## The vital need for a mature policy market: policy advisory system in Japan<sup>1</sup>

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### Diversity of policy advisory systems

Generally, broad definitions of the application of policy advice relate to governments' knowledge utilisation, while more narrow definitions concern its role as part of the policy-making process. Further, an insider may consider policy advice to simply be an output that, at its core, can be regarded as providing an analysis of problems and proposing solutions to these problems. Recently, however, the definition of policy advice has been expanded so that it now encompasses a broader suite of techniques and activities implemented at various stages in the policy process, including research and data analysis, proposal development, consultation, guidance, political-process management, outcome evaluation, and the articulation of preferences in support of policy work (Halligan 1995; Gregory and Lonti 2008; Craft and Halligan 2017). As such, policy advice can be considered part the public service, both internal and external to government (Craft and Howlett 2013).

Naturally, such an expanded conception of policy advice means that new policy advisory systems now transcend the traditional boundaries of internal government expertise and knowledge-transmission activities (Howlett and Migone 2013). These systems comprise, in each sector and jurisdiction, an interlocking set of actors that have a unique configuration, and these actors provide policy-makers with information, knowledge, and recommendations concerning actions (Halligan 1995). Policy advisory systems consist of two categories of policy advisors: 1) 'internal' policy advisors, such as ministerial policy units, councils, *ad hoc* commissions, and state-financed research institutes, and 2) 'external' advisors, such as private consultants, think-tanks, university-affiliated research institutes, science councils, non-governmental organisations, non-profit organisations, organised interest groups (including public interest groups), social movements, international organisations, the media, and political 'brains' that have direct access to political executives. 'Advisory actors give solicited or unsolicited advice to the government, accord with the government or choose a highly critical approach and almost act as voice of external interests or even countervailing power' (Hustedt and Veit 2017). Each country has its own advisory system; however, the configuration of policy advisors inside and

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<sup>1</sup> This discussion paper is partly based on [Adachi 2015b] and [Adachi 2017].

outside of government varies between each nation.

Based on a comparative examination of policy advisory practices applied within the classic Anglo-Saxon Westminster family (Canada, UK, Australia, and New Zealand), Craft and Halligan successfully ‘identified’—or, more accurately, ‘reconfirmed’—a salient trend or change in the policy advisory system adopted by these four member countries, while also highlighting the relatively large differences that exist between them in terms of the configuration of their policy advisors inside and outside of government. They argue:

Westminster cases noted a growing plurality of new advisory units coming online, the reconstitution of public service functions within advice systems, and a professionalizing of policy competence outside the public service. These (de)institutionalization dynamics involved the decline of the public service as the primary source of advice in favour of a more distributed advisory system (Craft and Halligan 2017).

The policy advisory systems used by the Westminster family are characterised by the interactive or synergistic effects of multiple actors striving to affect government decisions and policy outcomes; this is a result of the governments studiously seeking quality advice in almost every instance of decision-making, not just from professional analysts in their employ or from outside groups, but also from a range of other actors, such as think tanks; lobbyists; partisan political advisors; scientific, technical and legal experts; and many others, both inside and outside of government (Craft and Howlett 2012). Thus, it may not be an exaggeration to say that, in these countries, a mature policy market comparable to that of the United States, where competing policy alternatives are advocated not only by relevant internal policy advisory units, but also by a wide variety of concerned external policy advisors, has been successfully established.

Increasingly, a similar change in policy advisory systems is alleged to have occurred in a great number of advanced democracies that have a different parliamentary system of government than the Westminster family, as well as in a number of countries that utilise either the American-style or a semi-presidential system. In many of these cases, we can once again find that in recent decades, long-established advisory systems have become increasingly polycentric (Craft and Howlett 2013). As a result of this development, the permanent bureaucracy’s privileged position in providing policy advice in these countries and in the Westminster family is now being challenged by external advisors such as private consultants, think tanks, and political advisors that have direct access to ministers (Veit, Husted and Back 2017); however, it should be noted that the extent to which this is the case differs for each

country—that is, the degree of governance or democratisation applied to the policy process varies between nations (Adachi 2017).

The aims of this discussion paper are: first, to examine the policy advisory system in Japan by comparing it with that of various other countries; and second, to delineate problems caused by the absence (or, underdevelopment) of a mature policy market, particularly focussing on those that are deemed most serious and urgent. To be frank, the policy market in Japan is still in a primitive stage of development, and this should be borne in mind when analysing it. To begin, the following section examines major policy advisory organisations in Japan.

### **Policy advice and policy advisory system in Japan**

#### ***Bureaucracy***

The struggle between bureaucrats who possess technical expertise and popularly elected politicians who are accountable to the public for the government's policies is one of the most serious obstacles to obtaining a democracy that has an effectively functioning political system. In most democracies, skilled bureaucrats normally do not dare to openly compete with politicians for power; they are sufficiently cunning to feign loyalty to the principle of a politician-controlled decision-making system, but concurrently exercise their power behind the scenes by explaining that 'for technical reasons something the politicians want to do is not feasible or that something the politicians do not want to do is absolutely necessary' (Curtis 2002). This exact situation exists in Japan, probably more so than in any other advanced democracies.

In Japan, policy advice is no longer a 'sanctuary' exclusively reserved for 'Kasumigaseki'<sup>2</sup> bureaucrats; however, this group remain by far the most powerful and influential policy advisors for the government, political executives, and the Policy Research Council of the Liberal Democratic Party (LDP) that has been the dominant party since 1955, with the exception of a small number of years. Japanese bureaucrats have enormous power; even France, the closest comparable country to Japan, pales in comparison. One of the most important sources of bureaucrats' power is information; their power largely derives from the huge information-gap between politicians and bureaucrats. Although politicians are able, and institutionally expected, to gather relevant and critical information with the assistance of the 'professional' staff of legislative supporting agencies<sup>3</sup>, a great majority of politicians, especially lawmakers from the

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<sup>2</sup> 'Kasumigaseki' is the name of an area in Tokyo where almost all of the major ministries and agencies of the Japanese central government are located.

<sup>3</sup> The legislative supporting agencies are institutionally expected to support the legislation of

ruling parties, rarely do so. In fact, in Japan these alleged lawmakers are not ‘lawmakers’ in the proper sense of the word. A great majority of bills (approximately 70~90 %) introduced into parliament are cabinet bills drafted substantially by bureaucrats—that is, relevant ministerial policy units—and there is a very limited number of lawmaker-initiated bills; this contrasts strongly with the practices of other advanced democracies that have parliamentary systems of government, and especially with the practice in the United States, where all bills are drafted by lawmakers and submitted in Congress. It is no exaggeration to say that in Japan all the ruling parties expect members of parliament (MPs) is that they give their vote to cabinet bills, especially since the introduction of the single-seat constituency system (or more accurately, the electoral system of single-seat constituencies and proportional representation) into the House of Representatives in 1994 (Adachi 2015a; Iio 2015).

It is true that since the early 1990s considerable effort has been made to effect administrative reforms that can strengthen the authority of the Prime Minister’s Office<sup>4</sup>, mainly through attempts to reduce bureaucrats’ power; these attempts resulted in the inauguration of a system of senior vice-ministers and vice-ministers (parliamentary secretaries) in 2001, and the legislation of the Basic Act on Reform of National Public Service System (hereafter ‘Basic Act’)<sup>5</sup> in June 2008. However, it seems that the implementation of these reform measures over the last quarter of a century has not brought about remarkable changes in bureaucrat-politician relations; the gap in terms of policy literacy between bureaucrats and politicians has not narrowed greatly, either. In fact, it is no exaggeration to say that in recent years not a single day has passed without a news report of a minister who failed to explain, let alone persuasively defend, the basics of a bill the minister was supposed to be sponsoring, such as its aims and necessity, and who somehow extracted themselves from this awkward situation by unashamedly ‘reading’ written responses or notes prepared by bureaucrats. Amazingly, such incompetent ministers, who are clearly unable to fulfil their minimum accountability

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the Diet and legislative activities by its members. In the Japanese Diet, the legislative supporting agencies are considered to be the Research Bureau of the House of Representatives, the Research Bureau of the House of Councillors, the Research Bureau of the National Diet Library, and the Policy Secretary (Makita 2015).

<sup>4</sup> The Prime Minister’s Office was reorganised to be the Cabinet Office in January 2001.

<sup>5</sup> The main aim of the Basic Act was to provide for the government-wide management of senior-level public servants by the Cabinet, an attempt to correct ‘sectionalism’ (too strong an autonomy) of ministerial units, thereby furthering the cross-ministerial and cross-departmental collaboration for tackling wicked problems facing the government. The Basic Act, however, is accompanied by a serious side-effect; senior-level bureaucrats in general have become ‘induced’, if not ‘forced’, to somehow ‘read’ the unexpressed intention or political preferences of the Prime Minister and the Chief Cabinet Secretary, who are now given the legal (institutional) authority to intervene in senior public service personnel, and act accordingly.

obligations, are rarely, if ever, dismissed; further, they do not choose to resign of their own volition, either.

Needless to say, bureaucracy in democracies is not a monolithic entity. It is, in reality, a complex of largely independent, often competing ministries and departments, each with its own goals (institutional missions), policy preferences, and organizational culture; further, none of these independent entities possess the ability to establish overarching policy, which is the job of political leaders. The stronger the autonomy of ministries and departments constituting bureaucracy becomes, and the stronger bureaucrats' incentive to give top priority to the interests of the organisational units they belong to, the more difficult it becomes for cross-ministerial and cross-departmental organisations or working groups, established by the government to address 'wicked problems'<sup>6</sup>, to function smoothly. Additionally, cross-sectoral projects are not likely to be effectively managed by bureaucrats, either.

It is important to note that a great majority of Japanese bureaucrats, who in addition to their primary mission of enhancing the specifics of policies and implementing them are regularly engaged in analysing and formulating policies and drafting bills, are not adequately trained in the theory, skills, thinking modes, and ethics required of policy professionals; this is despite the fact that the number of bureaucrats participating in one- or two-year professional graduate programmes concerning public policy has slowly but steadily increased over the last approximately 15 years. Even now, the primary source of bureaucrats' influence on the policy process is not their capacity to perform quality policy analysis and evaluation but their 'expertise' in resolving conflicts between major political actors concerning values and interests. Further, as a result of the secretariat functions they provide, bureaucrats regularly lead discussions in councils and *ad hoc* commissions.

### ***Ministries' in-house research institutes***

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<sup>6</sup> Rittel and Weber characterised 'wicked problems' as follows: There is no definite formulation of a wicked problem; wicked problems have no stopping rule; solutions to wicked problems are not true-or-false, but good-or-bad; there is no immediate and ultimate test of a solution to a wicked problem; every solution to a wicked problem is a one-shot operation; wicked problems do not have an enumerable (or an exhaustively describable) set of potential solutions, nor is there a well-described set of permissible operations that may be incorporated into the plan; every wicked problem is essentially unique; every wicked problem can be considered to be a symptom of another problem; the existence of discrepancy representing a wicked problem can be explained in numerous ways; the planner has no right to be wrong (Rittel and Webber 1973: 161-167). In contrast with the scientific community, which does not blame its members for postulating hypotheses that are later refuted, provided the author abides by the community's rules, in the world of planning and wicked problems, no such immunity is provided. Planners are liable for the consequences of the actions they generate.

The Japanese central government has established as many as 12 ministry-affiliated research institutes<sup>7</sup>. As argued by Hideaki Tanaka, ‘other countries that adopt a parliamentary system, like the UK, typically have training institutions or universities intended for civil servants, but research bodies that focus on policies are not so common’ (Tanaka 2015).

In-house research institutes have undoubtedly made important contribution to enhancing the research and development capabilities of Kasumigaseki bureaucrats, who are normally too busy with day-to-day tasks to acquire new knowledge and information or to reconsider the policy problems they are in charge of managing from medium- to long-term perspectives. Further, these institutes provide bureaucrats with an opportunity to engage in (normally) two-year policy studies, thereby encouraging them to establish a network with outside scholars and experts.

Additionally, it should also be noted that ministries’ in-house research institutes could potentially be expected to function as hubs for policy professionals and stakeholders from a variety of sectors and organisations, such as ministries, political parties, think tanks, business lobbies, citizen groups, non-profit organisations, non-governmental organisation, journalists, and university-affiliated policy researchers. A great majority of directors of such in-house research institutes, however, have found that their primary mission concerns the promotion/facilitation of pure scientific and technological research and development, using this approach to ‘re-orient’—or more accurately, ‘refresh’—their employees; these directors have rarely identified policy formulation/advice as constituting an indispensable part of their missions.

### *Councils*

A council is an advisory body established by ministries and agencies under Article 8 of the National Government Organisation Law (1948), and is tasked with obtaining information from

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<sup>7</sup> They are: the Economic and Social Research Institute, which is part of the Cabinet Office; the Institute for Information and Communications Policy, part of the Ministry of Internal Affairs and Communication; the Research and Training Institute of the Ministry of Justice, part of the Ministry of Justice; the Policy Research Institute, part of the Ministry of Finance; the National Institute for Educational Policy Research and the National Institute for Science and Technology Policy, part of the Ministry of Education, Culture, Sports, Science and Technology; the National Institute of Population and Social Security Research and the Japan Institute for Labour Policy and Training, part of the Ministry of Health, Labour and Welfare; the Research Institute of Economy, Trade and Industry, part of the Ministry of Economy, Trade and Industry; the Policy Research Institute for Land, Infrastructure, Transport and Tourism, part of the Ministry of Land, Infrastructure, Transport and Tourism; the National Institute for Environmental Studies, part of the Ministry of Environment; and the National Institute for Defence Studies, which is part of the Ministry of Defence.

experts in various fields in order to secure fairness of administration, remove conflicting interests, or coordinate various fields of administration<sup>8</sup>; members of each council are selected, often very arbitrarily, by relevant ministry bureaucrats. However, despite their responsibilities, it is very doubtful if councils have ever successfully played the roles institutionally expected of them.

Councils have long been the target of criticism from a wide range of policy actors, such as MPs from opposition parties, leaders of social/citizen movements, the media, political commentators (both domestic and overseas), Japan-politics watchers, and political scientists. Sato, in an article published as early as 1985, argued that ‘council discussions usually follow a script set by administrative bodies, turning council into a mere mouthpiece of the government’ (Sato 1985). As a result of these issues, in 1999 the Japanese central government was forced to introduce a series of reform measures, one of the most important of which was a drastic reduction in the number of councils<sup>9</sup>.

Despite the introduction of such reform measures, however, a great majority of Japanese political scientists, including those who have experience of participating in councils, still seem to have a low opinion of the role played by councils in the policy process. For them, councils are not, with very few exceptions, arenas where evidence-based systematic comparisons of, and informed and lively deliberations on, a set of policy alternatives are conducted. Professor Yamaya of Doshisha University, who is one of the leading researchers in the field of public administration, particularly policy evaluation, was even more specific in his criticism when he argued that council members, who are not conversant with the advanced theories and methods of policy analysis and policy evaluation, can do nothing but sanction or authorise the data, performance indicators, analyses, evaluations, and policy proposals presented to council meetings either by government officials or by self-proclaimed ‘think tanks’ commissioned by relevant ministries. I am also sceptical of the prospect of well-grounded resilient policy advice

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<sup>8</sup> Article 8 of the National Government Organisation Law stipulates:

An Administrative Organ of the State as set forth in Article 3 may, within the scope of the affairs under jurisdiction as prescribed by an Act, establish an organ having a council system for taking charge of the study and deliberation of important matters, administrative appeals or other affairs that are considered appropriate to be processed through consultation among persons with the relevant knowledge and experience, pursuant to the provisions of an Act or a Cabinet Order.

<sup>9</sup> Through the decision the cabinet made in 1999 (‘Basic Plan on Reorganisation and Rationalisation of Councils’), the number of councils was reduced from 212 in 2000 to 110 by July 1<sup>st</sup> 2006. According to the government, ‘those targeted for reduction were dormant councils that had elected no new members for five years or more, councils that met exceptionally rarely, and councils whose work was becoming increasingly irrelevant due to changes in social circumstances and the drive towards deregulation’ (Yamaya 2015).

forthcoming from a council; in fact, it does not seem to be incorrect to blame councils for having provided venues for ‘Japanese-style neo-corporatism’—the unsavoury ties or policy-networks between bureaucrats, pressure groups, and *zoku giin* (‘the so-called policy tribes in the LDP that are made up of politicians with specialized knowledge, or at least intense interest, in a particular set of policy issues’ (Curtis 2002)).

### ***Think tanks***

According to ‘2015 Global Go To Think Index Report’, which defines think tanks as ‘public-policy research analysis, and engagement organizations that generate policy-oriented research, analysis, and advice on domestic and international issues, thereby enabling policy-makers and the public to make informed decisions about public policy’, Japan is ranked ninth in terms of numbers of think tanks (109) (McGann 2016)<sup>10</sup>; further, the National Institute for Research Advancement (NIRA) in Japan, which has collected information on ‘think tanks’ (defined simply as ‘organisations engaged in policy research’ ) since 1992, records 216 such organisations in Japan in 1992 and 214 in 2013 (NIRA 2014)<sup>11</sup>.

The mere fact that Japan has a high number of ‘think tanks’ when compared with the numbers in the UK, Germany, and France does not imply that Japan’s ‘think tanks’ are comparable in quality with those in the aforementioned countries. Undoubtedly, several large differences exist between Japan and the UK, Germany and France in terms of the characteristics of, and functions or roles played by, think tanks. In fact, I believe that Japan is far behind the UK, Germany, and France, to say nothing of the United States, when comparing the extent to which think tanks have made a contribution to the substantiation and vitalization of the political process of democracy; in other words, effectively monitoring and checking the ‘myopic tendencies of democracy’<sup>12</sup>. This is largely because, applying the strict sense of the word, which will be discussed further below, Japan boasts very few organisations qualified to claim the title of a think tank.

The late Robert S. McNamara had such strong think tanks in mind when he stated at a meeting of the ‘Think Tank to Japan Project’ (a collaborative research project between the Sasagawa Peace Foundation and the Urban Institute held in Washington in October 1991) that

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<sup>10</sup> According to the “2015 Global Go To Think Index Report”, the country that has the largest number of think tanks is the United States (1835), followed by China (435), UK (288), India (280), Germany (195), France (180), Argentina (138), Russia (122), and Japan (109).

<sup>11</sup> During the fiscal year (FY) 2013, NIRA sent a research request to 300 research organisations, to which 214 organisations responded; the number of research organisations that submitted complete research results reports to NIRA by the end of FY2012 to NIRA was 181, and the total number of research projects completed by these 181 research organisations was 2,726.

<sup>12</sup> See [Adachi 2014] and [Adachi 2017] for more in detail about myopic tendencies.



‘if I were the president of the United States, the first thing I would do is to pick up the phone and call to my friend to say “dear friend, there are many things I would like to discuss with you, but the foremost thing I should tell you is to establish five think tanks tomorrow. Other things to discuss would follow that”’ (Ueno 2009).

I also clearly remember that Professor Yehezkel Dror of the Hebrew University of Jerusalem repeatedly emphasised, in his keynote speech for an international conference I organised (Democracy for the Sustainable Development; held at Kyoto University in May 2007), the urgent need to ‘set up, both in civic society and in the central brains of government, units in charge of injecting into the public discourse and main government choice processes global perspectives and *raison d’humanité* considerations, on the double principles (‘act locally but think globally’ and ‘when acting globally, think mainly globally’). He concluded his energetic one-hour speech with a recommendation to ‘establish *at least one quality think tank* in Japan that focuses mainly on the long-term thriving of humanity’.

For research organisations to be recognised as think tanks in the strict sense of the word, they are required (1) to have relative autonomy, (2) to be performing a set of key functions, and (3) to be playing catalytic roles between governments and civil society.

- (1) Given that think tanks are often involved in resource-dependent relationships with funding institutions, be they governmental agencies, political parties, businesses, or other interests, it is unrealistic to expect them to have the kind of perfect autonomy enjoyed by a great number of university-affiliated research institutes (Stone and Garner 1998). However, research organisations lacking a relatively high degree of autonomy cannot engage in ‘independent’ and therefore ‘reliable’—that is, ‘not biased’—research, as their research results are likely to be largely influenced by the interests of their funders. Can we regard research organisations that endeavour to the best of their ability to satisfy the policy preferences of their clients *qua* funders as think tanks?
- (2) The key functions think tanks should perform in the policy process consist of i) identifying of issues and policy problems, ii) conducting policy analysis and evaluation, iii) making policy recommendations, iv) disseminating policy, v) raising awareness of policy issues among the public, vi) providing relevant information and knowledge in a timely manner, vii) translating policy issues so that they are easy for the public to understand, viii) promoting discussions among the public and conveying the views of the public to policy communities, and ix) providing policy options to policy communities (Shimizu 2015).
- (3) Think tanks are expected to play a catalytic role in the policy process of democracy by providing key policy actors with critical information and knowledge, facilitating policy-oriented collaborative research that is performed by experts in a variety of relevant

disciplines, and promoting informed policy deliberations inside and outside of parliament, thereby bridging the gap between public, private, and civic sectors.

According to a NIRA report titled 'Think Tank Information 2014', of the 181 research organisations or 'think tanks' that submitted research results reports to NIRA in FY2012, 82 were for-profit 'think tanks' founded by giant enterprises. Of the others: 65 were foundations (consisting of general foundations and public interest foundations); 19 were *shadan* corporations (incorporated associations); and 18 were organisations not included in any of the above-mentioned three groups, such as educational corporations, independent administrative corporations, and non-profit corporations. Regarding research type and funds, of the total 2,726 research projects that were reported to have been completed by the end of FY2012, 1,610 (59%) were contracted research; 1,067 (39%) were 'independent' research<sup>13</sup>; and 49 (2%) were research funded through grants. Altogether, of the total 2,726 projects, 1,432 were conducted by for-profit 'think tanks'; and 1,294 were conducted by non-profit 'think tanks'. It is also important to note that a great majority of these non-profit 'think tanks' were governmental or semi-governmental organisations funded by national or local government; further, purely independent—that is, neither governmental nor for-profit—non-profit research organisations are no less heavily dependent on governments' research funding. In fact, almost 90% of the contacted research (1,339 of the total 1,610 projects) was funded by the governmental sector (national or local governments and various types of governmental or semi-governmental organisations), while a further 175 contracted projects were funded by for-profit corporations. A similar trend could probably be identified with 'independent' projects, although NIRA has not traditionally reported any information concerning the funding sources of such projects. Furthermore, over 40% of contracted projects (676 projects) have not made their research outputs available to the public; of the others, 585 contracted projects include a reference to commissioning/granting research organisations or research-conducting organisations; 304 projects provide their results to the public free-of-charge, and 45 projects provide reports to the public at a price. Finally, in regard to 'independent' research projects, 61% provide reports to the public for free and 31% provide reports to the public for payment.

This NIRA report undoubtedly indicates that there are few research organisations in Japan with all three of the above-mentioned key ingredients of strictly-defined think tanks; possessing a relatively high-degree of autonomy, performing a set of key functions, and playing a catalytic role in the policy process of democracy. 'Japan lacks a solid policy market where different think

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<sup>13</sup> Of the total 1,067 'independent' research projects, 23% were completed by for-profit 'think tanks' and 57% were completed by non-profit 'think tanks'.

tanks engage in policy research and analysis, compete with each other, and interact with other stakeholders in terms of functions, outputs and financial resources' (Shimizu 2015). This lack of a solid or mature policy market is partly related to a lack of demand, not only in the public sector, but also in the market and civic sectors, for quality policy advice that is supported by systemic and evidence-based professional policy analysis.

### ***Demand for quality policy advice grounded on sound policy analysis***

In the United States, 'the demand for policy analysis is considerable, and it comes both from inside and outside of governments' (Mintrom 2007:151). In Canada, the national government has more actively demanded policy advice, which has led to departments seeking creative ways to tap into expertise within and across governments through utilising analysts and researchers in consulting firms, universities, think tanks, and associations (Howlett and Lindquist 2007). Demand for quality policy analysis and advice has also steadily increased in Australia, New Zealand, and a growing number of major EU countries. At the global level, key coordinating organisations, such as the World Bank, IMF, WTO, and OECD 'have made extensive use of the skills of policy analysts to monitor various transnational developments and national-level activities of particular relevance and interest' (Mintrom 2007:151). There still remain, however, quite a few nations where this is not the case, including Japan.

Many years have passed since the social significance of policy research in general, and policy analysis in particular, was first recognised in Japan. Almost 20 years ago, academia began to realise the urgent need to foster highly knowledgeable and skilled policy professionals, and major universities and graduate schools soon began to include new public policy programmes featuring policy analysis as part of their core courses. After all these years, however, most public policy programmes are still struggling to attract intellectual and public-minded candidates, while surprisingly few graduates trained in policy analysis can find a job in a relevant field (Adachi 2015a; Watanabe 2015)<sup>14</sup>. Very few independent think tanks that are sufficiently prosperous to employ professional policy analysts exist. Even governments of various levels have not attached that much weight to the knowledge and skills in policy analysis either when hiring or when promoting their employees. The application or use of policy analysis has also been quite limited; very few individuals in the public, market, and civic sectors realise the vital

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<sup>14</sup> It may not be an exaggeration to say that even graduates lucky enough to be employed 'nominally as 'analysts' or 'researchers' by non-governmental sectors such as 'think-tanks', research institutes, non-profit organisations, political parties, labour unions, or business corporations are seldom provided with an opportunity to engage in policy analysis in its proper sense, as they are generally forced to devote most of their time and energy to sheer data-collecting, statistical processing, and figure/graph drawing.

need to consult with policy advisors who have proficiency in the advanced theories and methods of policy analysis when selecting and adopting a general stance on policy issues; politicians and political parties are no exception to this. To put it simply, Japan lacks a mature policy market. Herein lies one of the most serious challenges facing the policy advisory system in Japan.

### **Problems that could have been avoided or better tackled with a mature policy market**

#### ***Policy failures due to fatal prediction errors***

Accurately predicting the costs and benefits of a policy is extremely difficult, even for accomplished analysts who have access to the latest information and analytical tools. Therefore, in order to minimize errors, predictions must be made with maximum caution, especially if there is a high probability of a policy causing serious and long-lasting impacts on people's lives. Fatal prediction errors must be avoided at all costs; for this reason, it is, at times, necessary to anticipate the worst-case scenario, in which the benefits (positive effects) remain minimal and the costs (policy expenses plus negative effects) reach the maximum predicted level. In Japan, many policies have been formulated, adopted, and implemented based on optimistic predictions that have estimated benefits to be higher and costs lower than the reality, which has resulted in enormous social damage. Why have such fatal prediction errors repeatedly been made?

It is common practice in Japan for governmental bureaus responsible for the promotion and implementation of policies to also analyse and formulate those policies, despite the fact that most staff members in these bureaus are not adequately trained in the theory, skills, and ethics of policy analysis. Bureaucrats have also been known to substantially lead discussions in councils and *ad hoc* commissions through the secretariat functions they provide; to lobby influential people, such as top lawmakers in the ruling and opposing parties, along with leaders of relevant organisations, and create reports and other materials on issues that they may not have been able to fully analyse for the Diet; and they have even been known to answer lawmakers' questions on behalf of ministers (on matters besides technical issues relating to pure administrative operations). To perform all of these actions, bureaucrats exploit information collected and analysed by government agencies, or quasi-government organisations, including government-affiliated institutes and 'think tanks'.

It is not an easy task for government bureaucrats officially in charge of policy formulation and implementation to objectively and critically examine the validity of their own analyses and predictions. This is also the case with analysts working for government-affiliated institutes and 'think tanks'; unless they are institutionally guaranteed a high level of independence from the government, objectivity is difficult to achieve. This underscores the importance of entrusting

policy analysis and advice to outside professional organisations such as think tanks and university-affiliated research institutes, which have highly trained and experienced staff members, and are sufficiently independent and specialised to work on an equal footing with the 'central mind of the government' (Dror 2001). Using these organisations should allow governments to obtain objective and expert advice on the projected costs and benefits of policies; however, both central and local governments have seldom sought their advice. When analysis has been commissioned through external organisations, there has been a tendency to selectively adopt only the information advantageous to the promotion of favourite (often predetermined) policies; further, it has generally been of little interest to governments to impartially compare and rank alternative policy options, meaning they regularly neglect the critical function of policy analysis.

The following example supports this point by highlighting how a prediction error led to an overestimate of the demand for airport construction in Japan. In March 2010, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) announced the demand that had been forecasted for 2008 and the actual demand in that same year for every airport in Japan, with the exception of 25 (the 24 airports that had been built before any demand forecasts were required, such as the Yamagata Airport, and Shizuoka Airport, which had been open for less than a year). According to the announcement, at approximately 90% of the investigated airports the actual number of users was far below the forecasted demand; for a few of these investigated airports the actual demand was slightly over 10% of that forecasted! For instance, the Kitakyushu Airport, which opened in March 2006, had only 1.11 million customers in 2007, which represented approximately 40% of the demand forecast announced in 2004 by the Institute for Transport Policy Studies, whose leading members are retired high-ranking officials from the MLIT. The number of users has continued to decline at this airport, and there is little prospect of increases in the near future. In fact, in March 2011, this worsening situation compelled the MLIT Kyushu Regional Development Bureau to modify their demand forecast for Kitakyushu Airport for 2032 from 3.925 million to 0.985 million customers, a reduction of three-quarters of their original forecast. This case is a striking example of the widespread use of analysis based on the unrealistic assumption that the population around airports would continue to increase and the economy would continue to grow by several percentage points every year (Adachi 2015b).

***Inappropriate adaptation to changes in the policy environment and newly discovered facts***

If the policy environment changes significantly since the formulation and adoption of an existing policy, or if new facts are found or scientific discoveries made, prompt and appropriate

actions should be taken accordingly. Most bureaucrats, however, are naturally resistant to reviewing, let alone discontinuing, policies that they have been involved in formulating and implementing. As a result, such policies often continue to exist, despite their inappropriateness, ostensibly due to commitment to legal continuity or consistency. In fact, in such cases, ministers' requests for a mid-course adjustment or cancellation of policies can often be sabotaged by bureaucrats (Curtis 2002)<sup>15</sup>.

Moreover, more often than not, regulatory bureaus fail to adequately fulfil their original functions because they become 'captured' by the very entities or organisations that they are supposed to be regulating (Stigler 1971). In such cases, legislatures, who are institutionally expected to supervise and monitor both the executive branch and bureaucrats, should take the initiative in regard to reviewing policies; however, these individuals tend to be rather reluctant to do so, perhaps because of an overarching hesitation to 'ditch' funding that has already been committed, which should clearly not be a factor in deciding whether a project should be continued or discontinued. Further, psychological resistance to publicly admitting their original mistake of having approved the policy remains a guiding force<sup>16</sup>.

The Nakaumi reclamation project is a good example of inappropriate adaptation to changes in the policy environment and newly discovered facts. The plan for this project was announced in June 1954 by Shimane Prefecture and the undertaking was implemented as a government-sponsored project in April 1963. The purpose of the project was to desalinate Nakaumi, which was originally a brackish lake, by reclaiming 2,230 hectares of paddy fields; this scheme would also ensure an agricultural water supply for the new fields and surrounding farms, covering 7,300 hectares in total. However, by 1968, the year major construction began on the project, the rice surplus phenomenon had already grown evident and had become a social

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<sup>15</sup> However, for the heads of local government, who are directly elected by the voters, it is not impossible, if they so wish, to exert leadership with the support of voters by suppressing the resistance of agencies that have planned and promoted policies.

<sup>16</sup> Let me mention two exceptions to this. The first case is when former Prime Minister Yasuhiro Nakasone succeeded in separating and privatising Japanese National Railways through his strong leadership (April 1987). He achieved this by employing several excellent and sincere policy-oriented bureaucrats for the job, mainly from ministries that were not committed to the policies of any particular field (e.g., the Ministry of Internal Affairs and Communications); further, he did not acquiesce to the formidable resistance presented by the opposition parties and labour unions. The other exception is the case of Prime Minister Junichiro Koizumi. Although the privatisation of the postal service was not the top issue for many voters at that time (i.e., according to the census conducted in January 2005, voters' top issue was pension/welfare system reforms; postal privatisation was only eighth in the ranking), and the postal privatisation bills were rejected by the House of Councillors in August 2005, Koizumi dissolved the House of Representatives and called a general election, focusing entirely on the postal privatisation. He subsequently won a landslide victory by a far greater margin than expected.

problem; consequently, in response, in 1971 the Ministry of Agriculture, Forestry and Fisheries of Japan (MAFF) launched a policy of reducing rice acreage. Thus, while continuing to conduct reclamation projects, the government was also encouraging farmers to forgo producing rice, completely contradicting the reasoning behind the Nakaumi scheme. If, at this point, the government had re-evaluated this reclamation project, they would not have wasted the next 25 years and ¥72 billion on the project; alas, no such reconsideration was forthcoming at this time. The MAFF abandoned the original plan of creating rice paddies in 1984, but persisted with the project, now focusing on creating dry fields. However, with the intensification of anti-desalination movements led by individuals who were concerned about water pollution and environmental destruction (e.g., those engaged with fisheries), the Shimane and neighbouring Tottori Prefectures changed their opinions and requested that MAFF postpone the execution of desalination (May 1985). Consequently, the MAFF was forced to officially announce the discontinuation of the project in 2002, after having drained just over 20% of what was originally planned.

To give another, more recent and more infamous example, the lack of prompt and appropriate responses from regulatory agencies to changes in the policy environment and newly discovered facts can also be considered as being partly responsible for the tragic reactor core meltdown accident that occurred at the Fukushima Daiichi Nuclear Power Plant in March 2011. This plant was built over 40 years ago, when seismological knowledge was still in development; nevertheless, as this field advanced, the possibility of the occurrence of a tsunami much larger than those projected at the time the power plant was constructed was repeatedly highlighted. Further, the plant's vulnerability to reactor core damage in the case of such an event was also made clear<sup>17</sup>. However, despite these predictions, the Tokyo Electric Power

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<sup>17</sup> After the 1993 Southwest Hokkaido Earthquake and the resultant tsunami, the Agency for Natural Resources and Energy in the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) ordered the Federation of Electric Power Companies of Japan (FEPC) to conduct a tsunami safety evaluation. The FEPC used the latest methods to estimate the size of a possible tsunami and examined the potential effect it would have on nuclear power plants. Taking the margin of error into consideration, they checked whether water levels of 1.2 times, 1.5 times, or twice the estimate would impact the plants' emergency equipment. This test revealed that at the Fukushima Daiichi Nuclear Power Plant, the seawater pump would shut down when the water level reached 1.2 times the estimate, impairing cooling functions (only the Shimane Nuclear Power Plant and the Fukushima Power Plant were affected by this water level). Then, in July 2002, the government organisation Headquarters for Earthquake Research Promotion published 'On the Long-Term Evaluation of Seismic Activities off Eastern Japan between the Sanriku Coast and the Boso Peninsula', in which they stated that there was a 20% chance of a magnitude-8-class tsunami/earthquake occurring along the Japan Trench within 30 years. The Tokyo Electric Power Company (TEPCO) was also aware, from an estimate they made in approximately May 2008, that the

Company (TEPCO) underestimated the risk and implemented inadequate measures, neglecting to incorporate a margin of safety. Furthermore, the regulatory ministries and agencies were also aware of the vulnerability of the Fukushima Power Plant, and yet overlooked TEPCO's slow response. If all the responsible parties had taken the latest findings in seismology and newly revealed facts more seriously and prepared appropriate measures, this worst-case scenario could have been prevented (Adachi 2015b).

***Policies not backed up systemic (holistic) thinking***

In contemporary societies, which are becoming increasingly complex, any one public problem is closely and intricately linked to other problems in the same or different fields through problem linkage. Thus, the intellectual endeavour behind policy design, which consists of a series of processes—the analysis and identification of the problem to be tackled, the examination and selection of policy objectives, and the conceptualisation and selection of specific prescriptions—, regardless of its subject matter, requires advanced and systemic analytical skills. No policy actor lacking such skills should be expected to design a truly appropriate—that is, effective, efficient, ethically justifiable, and feasible—policy package (Adachi 2015a; 2015b). Therefore, when a certain policy is implemented in a certain field with the aim of achieving a certain objective, it should be noted that its positive and negative impacts will reach a number of different fields along with its own. Serious impacts can take complex paths and unexpectedly reveal themselves where least expected; the quality of policy proposals is heavily dependent upon how thoroughly policy-makers have predicted the various types of consequences that the policy in question may incur (Adachi 2015b).

Energy policies may give us a good example of far-reaching consequences. No one, including those in the nuclear industry, would oppose a plan to discontinue the operation of dangerous reactors that have no prospect of passing the new safety standards stipulated by the Nuclear

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earthquake predicted by the afore-mentioned evaluation would bring tsunami waves of O.P. (Onahama Pile) + 15.7 meters to the site of the Fukushima Daiichi Nuclear Power Plant, and that the Unit 4 reactor building area would be inundated by 2.6 meters of sea-level rise. Furthermore, on 11 May TEPCO presented a report to the Spill Overtopping Study Group, established by the Nuclear and Industrial Safety Agency and the Japan Nuclear Energy Safety Organisation in January 2006, stating that tsunami waves of OP + 10 meters at Unit 5 would cause its emergency seawater pump to shut down, which might lead to reactor core damage, and that OP + 14 meters tsunami waves would flood the building and impair the power supply system, including the emergency diesel generator, external alternating-current source, and direct-current source, resulting in a total outage of electricity. In other words, the individuals concerned were fully aware of the necessity to take immediate action to protect the plant from such an occurrence (The National Diet of Japan Fukushima Nuclear Accident Independent Investigation Commission, 2012: 1.2.1).



Regulatory Authority (an independent regulatory commission established in September 2012), and to raise the ratio of renewable energy to represent Japan's total energy supply. However, it is quite doubtful that the DPJ (Democratic Party of Japan)<sup>18</sup> government's announcement in September 2012 of the goal of becoming a zero-nuclear state by the end of the 2030s (completely abandoning the option of nuclear power generation) was based on careful deliberation of all possible consequences<sup>19</sup>. In order to avoid at all costs the worst-case scenario of blackouts, power companies and the government have been urging business entities and households to conserve energy, while also fully utilising decrepit thermal power plants and other facilities. Furthermore, in an effort to effect the rapid and large-scale dissemination of renewable energy, the government launched the new Feed-in Tariff (FIT) system in July 2012, which required electricity providers, which had until that point enjoyed a regional monopoly over power generation and transmission, to purchase electric power from renewable energy suppliers at a high, fixed price<sup>20</sup>. The continued implementation of this series of policies will surely cause energy rates to rise sharply, forcing more small and medium-sized businesses unable to afford to equip themselves with in-house power generation systems to go bankrupt, and causing the acceleration of plant relocation to developing countries and the subsequent 'hollowing out' of industries. Will this measure not increase the number of so-called 'working poor' and, consequently, enhance the decline of the nation's falling birth rate? Will it not aggravate already-perilous pension and health-care finances, threatening the very existence of the systems? Was the government 100% sure that their decision would not negatively impact our national security and alliances with other countries? The point of the argument here is not that forgoing the nuclear power option was a mistake, but that such a drastic policy change must always be preceded by careful and systemic predictions of the consequences and thorough discussions of appropriate countermeasures that can cushion negative effects.

Of course, conducting systemic analysis and enhancing the quality of policies are not easy

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<sup>18</sup> The DJP beat the LDP-led coalition and achieved a historic change of government following the House of Representatives election in August 2009. However, partly due to an outbreak of the unprecedented disaster of the Great East Japan Earthquake and the so-called 'twisted Diet', which saw the House of Councillors, dominated by the opposing coalition, continuing to reject the DJP' bills that were necessary in implementing their policies, the DJP faced a devastating defeat in the House of Representatives election held on 16 December 2012.

<sup>19</sup> The LDP-led coalition government, which won a landslide victory in the 2012 House of Representatives election, overturned this decision and allowed existing reactors that had been certified as safe to continue producing energy, and also approved the construction of new reactors.

<sup>20</sup> The buyback price for solar power over 10 kW was set at ¥42/kWh over a period of 20 years, wind power over 10 kW was set at ¥23.1/kWh for 20 years, and geothermal power over 15 MW was set at ¥27.3/kWh for 15 years. The prices fluctuate depending on the prevalence of renewable energy.

matters, especially in Japan, which lacks an institutional framework that demands and encourages quality systemic analysis. As previously mentioned, Japan is yet to host the establishment of independent policy analysis institutions and think tanks that have excellent policy analysis capabilities; to date, policy analysis conducted in bureaucrat-led policy networks has been far from systemic and the scope of the deliberation involved has been limited to a single policy field.

### ***Lack of coherent strategies for tackling long-term domestic and global problems***

We must admit that in Japan deliberation on long-term problems<sup>21</sup> has been generally insufficient and inadequate, particularly as a result of a lack of critical policy-analysts elements, such as a feasible timetable that specifies to what extent, by when, and with what kind of method objectives should be accomplished, and which facilitates the modification of these specifics according to circumstances<sup>22</sup>. A good example of this is the concept of sustainable development. This concept is widely accepted in most developed countries, including Japan, as one of the most important long-term policy guidelines, and one that ought to play a primary role in policy decisions. Even politicians who devise policies that are designed to please voters but that are hardly compatible with sustainable development (e.g., policies for which future generations pay a large portion of the cost) feign fixation with this concept.

The problem is that the political and economic systems of most countries, including Japan's, are only designed to tackle short-term or, at best, mid-term policy issues, lacking a system or the organisations necessary for the development, formulation, and implementation of policies for tackling long-term problems. Even in the few countries that have special organisations designed to address long-term problems, these institutions rarely serve their functions. Ultimately, long-term goals for society can only be achieved through continuous efforts to flexibly and appropriately tackle individual problems at a given time. As such, policy analysis (and advice) for short-term and mid-term problems must conform with the nation's long-term

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<sup>21</sup> Following Sprintz, I define 'long-term policy problems' as 'public policy issues that last at least one human generation, exhibit deep uncertainty exacerbated by the depth of time, and engender public goods aspects both at the stage of problem generation as well as at the response stage' (Sprintz 2009).

<sup>22</sup> Long-term policy problems requiring re-examination include, to mention just a few, what energy mix should be attained in the long-run; on what timetable and with what method the government debt should be reduced; what measures should be taken against the falling birth rate; on what timetable and with what method sustainable pension/health care systems should be achieved; what short-term, mid-term, and long-term measures should be taken against the 'hollowing-out' of industries and subsequent job loss; how to prevent land devastation, including rapidly increasing deserted croplands and forests going unkempt; and with what funds and on what timetable aging infrastructures should be renewed.

goals. In other words, the validity of policies that have been formulated, adopted, and implemented to solve short-term and mid-term problems must be constantly verified in the context of long-term goals, and modifications must be made whenever necessary. This is the only way long-term problems can be effectively addressed.

However, conducting policy analysis with a long-term perspective is no easy task for most key policy actors, who are constantly inundated with various issues that require immediate action. Furthermore, the majority of lawmakers that lack a stable support base, whose actions are naturally motivated by the desire to increase their chances of their re-election, are not motivated to take long-term perspectives on policy issues. This makes the roles of external and independent policy advisors who possess high skill in policy analysis even more important, and seeking and formulating long-term goals for society is yet another important set of duties for such individuals. We have discussed that a succession of 'improvements' for impending issues, ones that please myopic politicians and voters, may be detrimental to society in the long term; therefore, policy analysts and advisors should constantly monitor measures taken to address each issue at a given time and ensure that each of these measures helps bring the society one step closer to achieving a better future (Adachi 2014; Adachi 2015b).

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