

The Civil Service System and Governance in Japan

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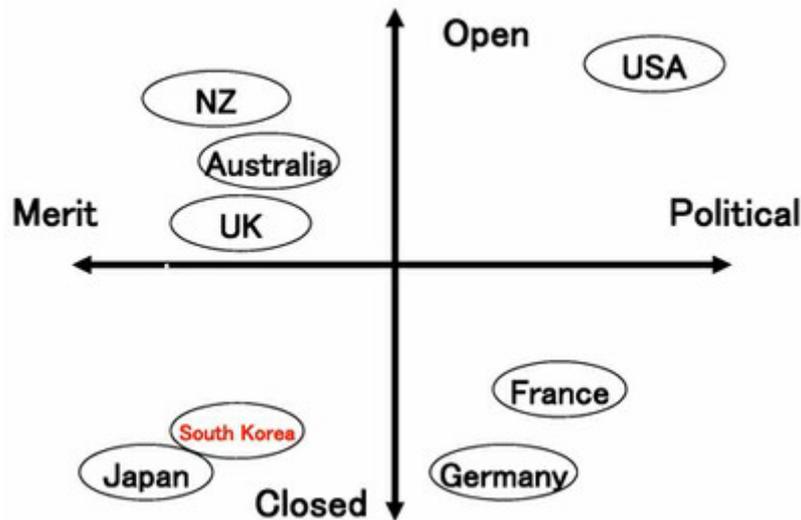
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All of Japan's political parties have pledged to prohibit amakudari—the practice of retired bureaucrats' "parachuting" into lucrative jobs in sectors they formerly regulated—in their manifestos for the upcoming election. Although there is some divergence in the details of the parties' proposals for civil service reform, there are no major differences. Here the author reviews the current state of Japan's civil service system and discusses the wider issue of governance.

Introduction

None of Japan's political parties have put forward a concrete plan to overhaul the civil service system. Only the opposition Democratic Party of Japan touches on the need for political leadership and governance, including the role and status of civil servants, in its manifesto for the forthcoming House of Representatives election. Japan's civil service system is based on the merit principle, all the way up to the top position of administrative vice minister, and is closed in nature. Civil servants are recruited through competitive exams, after which they are trained within government organs over the long term. Although midcareer recruitment has increased in recent years, such cases are treated as exceptional. Conversely, it is uncommon in Japan for senior officers to be appointed politically as in the United States or for candidates for individual posts to be recruited openly as in Britain and Australia. Civil service systems may be categorized in several ways, but here I compare those of major countries by the two axes of whether senior civil servants are appointed politically or on merit and whether the systems are open or closed (see chart). The Japanese system falls in the lower left quadrant of the chart. Merit-based appointment of civil servants began relatively early in Japan even by comparison to Western countries, with recruitment by competitive exam dating back to 1887, during the Meiji period. To modernize the state, Japan needed to abolish the spoils system and assemble a cadre of outstanding personnel. It should be noted, however, that in its early years the civil service mechanism strongly reflected the traditional class system.

Types of Civil Service



The civil service system that was developed in the Meiji era came to an end with the conclusion of World War II. The National Public Service Act, which defines the current national civil service system, was legislated under the US Occupation. Its fundamental purpose was to democratize Japan's system of politics and public administration, as well as to introduce a modern personnel system to the government sector. Despite having been devastated by the war, the Japanese economy subsequently achieved growth eclipsing that of leading Western countries, a performance many have described as miraculous. It has often been said that this growth was led by the country's exceptionally talented bureaucrats.

The Problem with Kasumigaseki

It is true that bureaucrats contributed in no small way to Japan's socioeconomic development after World War II. But once the era of rapid growth ended, the rigidity of administrative organs and other issues became evident, and the bureaucracy became a target of criticism. The reason for this was that, although the United States had attempted to effect a fundamental overhaul of the Japanese civil service system, in the end the reforms had been inadequate because there had been no choice but to rely on existing civil service personnel to get postwar Japan swiftly back on track.

As praise of Japanese civil servants turned to criticism, a range of issues were brought to light. The National Personnel Authority, Japan's central personnel administration agency, notes the following problems of the current civil service system.

1. Scandals involving senior civil servants (erosion of civil service ethics)
2. Mistrust of the administrative capacity of civil servants (administrative failure)

3. Sectionalism (closed nature of civil service apparatus and fixation on defending interests of ministries)
4. Career system (development of a sense of privilege)
5. Retirement management (strong criticism of *amakudari*, the practice of retired bureaucrats' "parachuting" into lucrative jobs in sectors they formerly regulated)
6. Close relations between politicians and bureaucrats (ambiguous demarcation)
7. Seniority system (emasculatation of meritocracy and complacency borne of protected status)

These issues have frequently been taken up and debated in several government advisory bodies. But actual reforms of the civil service system have been limited to such piecemeal measures as the introduction of a system of fixed-term appointment; no fundamental reforms have been undertaken.

Neither the late former Prime Minister Ryutaro Hashimoto, who spearheaded reforms to central government ministries and agencies, nor former Prime Minister Junichiro Koizumi, who pursued postal privatization, were able to reform the civil service system. But the three administrations that succeeded the Koizumi regime have advanced down the path of reform, albeit with various twists and turns. Specifically, the Basic Act for National Civil-Service Reform, which charts the overall course of reform, was enacted by the Diet in June 2008. The bill was originally submitted by the government but underwent joint revisions based on consultations between the ruling Liberal Democratic Party and the Democratic Party of Japan, the leading opposition party, before being passed. In other words, the ruling and opposition groups reached agreement on the principles of reform. The Basic Act only lays down the fundamental principles and process of reform, and revisions to the National Public Service Act and other relevant laws are needed for concrete reforms to take place. To flesh out the Basic Act, therefore, the government submitted to the Diet a bill to amend the National Public Service Act and other laws in March 2009. But the ruling and opposition parties were at odds over the amendment bill, and it was dropped when the House of Representatives was dissolved on July 21.

The Amendment Bill on Civil Service Reform

The amendment bill covers a wide range of areas, but the key points are: appointment and dismissal procedures of senior officials, the introduction of political staff for the prime minister and ministers, and the establishment of a cabinet personnel bureau.

Under the proposed civil service system, the appointment of senior officers at and above the rank of director-generals of ministerial departments (about 600 persons) would be treated as an exceptional system under the National Public Service Act. The

amendment bill stated that those who pass eligibility screening conducted to examine their qualifications as senior officers would be registered on a list of senior officer candidates, that ministers would appoint senior officers from among those on this list, and that the minister must consult with the prime minister and chief cabinet secretary regarding such appointments. (The power to appoint and dismiss civil servants lies with ministers under current law, too.) In relation to consolidated management, the amendment bill includes exceptional provisions regarding training courses for senior officer candidates, open recruitment (external recruitment, inter-governmental recruitment, and inter-ministerial recruitment), and employees of the Board of Audit, National Personnel Authority, Public Prosecutors Office, and the National Police Agency.

There are two kinds of political staffs: one is to assist the prime minister; the other is to assist cabinet ministers. Both are treated as special civil service who can be appointed politically. The appointment and dismissal of these staffs would be carried out by the cabinet in response to proposals by the prime minister and the relevant minister. Moreover, these posts could be held concurrently by Diet members or on a part-time basis. Political appointees already exist in Japanese ministries and agencies, but their number is limited. Specific examples include ministers, vice-ministers, parliamentary secretaries, secretaries of the above, and the chief cabinet secretary, deputy chief cabinet secretaries, and assistant chief cabinet secretaries of the Cabinet Secretariat. The proposed political staffs would come under the direct control of the prime minister and ministers, respectively, and would be expected to conduct such duties as political coordination.

The cabinet personnel bureau, the body that would actually take on the planning of the civil service system and consolidated management of senior posts by the cabinet, was the greatest source of disagreement within both the government and the ruling parties when the amendment bill was submitted to the Diet. The disagreements centered on whether the bureau should be headed by a civil servant or a politician. Under the submitted bill, the cabinet personnel bureau would take over, among other duties, personnel administration from the Personnel and Pension Bureau of the Ministry of Internal Affairs and Communications; organizational and capacity management from the same ministry's Administrative Management Bureau; overall personnel coordination from the Cabinet Affairs Office; and planning regarding capacity per rank, appointments, training, and examinations from the National Personnel Authority. The bill further stipulated that one of three deputy chief cabinet secretaries designated by the prime minister would serve as director-general of the bureau, meaning that he or she would have a dual role as secretary and director-general.

The main focus of the amendment bill is the appointment process for senior civil servants. Eligibility screening and compilation of candidate lists are particularly important, but the bill was far from explicit regarding these processes.

Let us suppose, for instance, that candidates who have passed the eligibility screening are listed in the tens or hundreds without enough thought being given to their qualifications for specific posts, and a minister is to appoint senior officers from this list. Under the new system, the minister must obtain the approval of the prime minister and chief cabinet secretary regarding senior personnel affairs. The prime minister and chief cabinet secretary have less personnel information than the minister, so the minister's views would be respected for the most part. It is thus likely that the personnel affairs department of the ministry in question would request the minister to get the approval of the prime minister and chief cabinet secretary for its favored candidate and that the minister would demand something in return from the ministry. This would likely trigger an increase in civil servants who personally seek to win the minister's favor. It is often called nepotism. Quid pro quo arrangements between politicians and civil servants will become more common than ever, and spoils campaigns will become rampant. The amendment bill falls short, moreover, in providing a mechanism to monitor external recruitment. Ministers will be able to recruit personnel arbitrarily from industries with which they have close ties. In the final analysis, the bill would inadvertently strengthen ministers' power, undermining the leadership of the prime minister and the cabinet and fomenting sectionalism.

This proposed system is based on the belief that ministers should be invested with greater appointive power to ensure that politicians, rather than bureaucrats, are in control. The same can be said of the view that civil servants should be politically appointed to make them more responsive to ministers. But augmenting individual ministers' power of appointment runs counter to the logic of consolidated management of senior civil service posts by the cabinet. One of the factors that fostered sectionalism in the ministries and agencies is the current appointment process. The power to appoint civil servants rests with ministers under the National Public Service Act, but in practice they usually do no more than rubber-stamp personnel proposals compiled by the personnel affairs departments of the ministries. Sometimes, however, a minister takes matters into his or her own hands, one instance being the ruckus over the post of vice-minister of defense that occurred in 2007. Although the bureaucrats of Kasumigaseki have an unwritten rule that politicians must not be allowed to interfere in civil service personnel matters, the appointive power legally belongs to the ministers, enabling them to freely appoint civil servants if they so wish. It follows that, contrary to the pretense of the National Public Service Act, there is a high risk of Japanese civil servants being appointed politically or arbitrarily. If a minister tells an official, "I'm going to make you bureau director-general in the upcoming personnel changes, so I look forward to your help in the future," the official is certain to repay the debt one day.

The system of civil service appointments in Japan thus has an amphibious character, featuring as it does both political and merit-based appointment. Herein lies the root of the problem. As noted in the opening paragraph, senior officials in other countries are appointed either politically, as in the United States, or on merit, as in Britain. To prevent political appointments, Britain operates a system in which no senior officials,

up through the rank of permanent secretary, are directly appointed by the minister. Instead, candidates are generally screened and nominated by a selection committee or the central personnel agency based on ability and performance standards, after which they are approved by the prime minister or relevant minister. Although political appointments cannot be fully prevented because the prime minister has the power to veto nominees, this indirect appointment process serves to limit that risk. This is made possible by an agreement among the political parties, both ruling and opposition, to maintain political neutrality in the civil service. If, by contrast, the power to appoint senior officials is to be considered the prerogative of ministers, then senior civil service posts should be made special positions without any guarantee of status, to which candidates are politically appointed as in the United States. And ministers themselves—not ministerial personnel departments—should take responsibility for appointing and dismissing these officers.

Japan's civil service system is politically neutral and merit-based in name. But because there is little in the way of a mechanism like Britain's to guarantee it as such, in reality there is nothing to stop political appointments from being made. In fact, Japanese civil servants, far from being politically neutral, have become highly politicized, an important part of the work of senior officers being consensus building among ruling and opposition parties and other forms of political coordination. Civil servants have their own interests and will not always provide ministers with free and frank advice. Ministerial interests are given precedence as a result of closed, sectionalist personnel management. Such behavioral patterns weaken policymaking mechanisms, which call for rigorous analysis, and impede efficient organizational management. This has led to biases in future estimates regarding pensions and flaws in the pension records kept by the Social Insurance Agency and in procurement by the Ministry of Defense, to name but a few, but these problems are not limited to specific ministries and agencies. They are rooted in the politicization of civil servants and disregard for their specializations.

Governance of Government

The election manifesto of the Democratic Party of Japan, unlike those of other parties, asserts that the DPJ will review the relationship between politicians and bureaucrats and strengthen political leadership over the policymaking process. Specific proposals include placing over 100 ruling party lawmakers in government posts and having them take the lead in drafting and deciding policy; abolishing meetings of administrative vice ministers and transferring coordinative responsibilities to cabinet committees; and setting up a national strategy bureau reporting directly to the prime minister to formulate a national vision and a budget framework.

Underlying these proposals is the conviction that a British model of governance should be adopted. The overall direction is commendable in that the proposals are aimed at realizing a "strong cabinet" by rectifying the current dual system in which the government and ruling parties at times propose separate policies with opposing

views and by concentrating decision making in the hands of the cabinet, like in Britain. But it goes without saying that many differences exist between Britain and Japan. Political leadership is exercised differently by the prime minister and ministers, and the two countries' civil service systems are also far from alike. Although the DPJ is calling for British-style governance, it had originally proposed what amounted to political appointment of senior civil servants. (This is not mentioned in the latest manifesto.) As explained earlier, political neutrality is the rule in Britain's civil service, and no officials, all the way up to the permanent secretaries, are appointed politically. Only the political advisers to the prime minister and other ministers are appointed in this manner. British ministers basically do not have authority over personnel matters in the civil service, as it would be impossible to maintain political neutrality if civil servants were to be appointed and dismissed at will by government ministers. The fundamental role of civil servants is to provide unbiased, free and frank advice, analysis, and evaluation on the basis of their expertise.

What the amendment bill and party manifestos discussed earlier do not make clear is whether senior civil servants are to be appointed politically or on the basis of ability and performance. Under the amendment bill, senior posts would legally continue to be categorized as regular service positions, appointments to which are based on merit, but in reality there would continue to be room for political appointments. This is because a good number of ruling LDP members advocated political appointment of senior civil servants. Some members of the opposition parties have also echoed this view. Those who demand political appointment claim that their aim is to shift control of policy from bureaucrats to politicians.

In principle, the British model of political leadership involves civil servants using their specialist expertise to undertake analysis and evaluation, while the cabinet, consisting of the prime minister and ministers, makes policy choices and decisions. If civil servants are to be politically appointed, the system should be classified not with that of Britain but with those of France, Germany, and the United States. Civil servants in the latter countries engage in political coordination, serving as the alter egos and servants of politicians. The advantage of political appointment is that it enables the opinions and objectives of politicians to be easily reflected in government policy; its disadvantage is that it leaves government policy prone to influence from the whims of politicians and, consequently, to short-termism.

In the final analysis, civil service reform boils down to the question "What is the role of civil servants?" In countries where political appointment is the norm, civil servants are expected to be responsive to politicians and to work in effect as the alter egos of politicians in undertaking political coordination and working to achieve political targets. In countries where appointments are merit-based, meanwhile, civil servants are expected to provide advice and make policy recommendations to politicians from a neutral and specialist standpoint. In other words, whether to emphasize responsiveness or expertise is where the road diverges. Such questions as what role civil servants should fulfill and how the government should be run, or how to define

the relationship between politicians and civil servants, are directly linked to the success of the next administration. The LDP intends to maintain the dual system consisting of the government and ruling parties—though this is not clearly stated in its manifesto—whereas the DPJ aspires to integrate the two. This question has an important bearing on the future “shape” of Japan, and we need to closely watch which party takes the helm and how it exercises political leadership.

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