

**Japan's Institutional Changes
for Stronger Political Leadership**

Tomohito Shinoda

Working Paper No.16
July 2000

Tomohito Shinoda is Associate Professor at the International University of
Japan, Niigata, Japan

The lack of leadership became a focal issue for Japanese politics especially in the 1990s as the need for effective crisis management was revealed. For this reason, one of the major themes of Hashimoto's administrative reform program was to reinforce the power of the Cabinet and the Prime Minister. During the 1990s, there were three major political changes which will shape the leadership of the future prime ministers: the 1994 reform of the electoral system reform; the diet and government reform of 1999, and Hashimoto's administrative reform efforts which will bear fruit in 2001. This paper will analyze the possible impact of these changes on the institutional and informal power of the Prime Minister.

The 1994 Electoral Changes

Political reform became a major issue under the Hosokawa Morihiro Cabinet (1993-94). One of the major objectives of reform was to weaken the power of the political factions. The old "middle-size" electoral system of the lower house with three to five seats encouraged multiple candidates from the LDP. The competition among candidates from different LDP factions was much fiercer than with the opposition parties, because they shared a similar support base. LDP candidates, therefore, had to rely not on the party organization but on their factions for financial and other campaign support. This strengthened the power of factions and weakened the power of the LDP leadership and the Prime Minister. In addition, the old electoral system was considered to be a cause of political corruption since LDP factions had actively to seek financial resources in order to compete. The new single-seat system was introduced in 1994 in order to weaken the LDP factions and eliminate factional competition in the general election.

Another major objective of the 1994 revision was to strengthen voters' control over the government. Throughout the postwar period, Japanese voters have been so accustomed to single-party dominance by the LDP that they did not feel that they could choose their government. The 1993-94 political changes which brought about the establishment of non-LDP government under Hosokawa Morihiro and the LDP-*Sakigake*-Socialist coalition government under Murayama Tomiichi came about because of the realignment of coalitions amongst the political

parties. Voters still did not have direct control over the parties. Under the new electoral law, which introduced single-seat electoral districts, voters' frustration and distrust of politics could be expressed through votes against the parties.

In the first general election under the new law in 1996 voters did express their dissatisfaction, but their frustration did not affect the actual representation in the Diet. The LDP received only 38.6 % of total votes in single-seat districts and 32.7 % in proportional representation districts. But with these votes, the LDP was still able to capture 239 of the 500 lower house seats (47.8 %), enabling the party to form a single-party minority government. In many single-seat districts too many non-LDP candidates were put forward, and anti-LDP votes were split among the opposition parties such as the New Frontier Party (NFP), the Democratic Party, the Communist Party and the Socialist Party. Unfortunately, Japanese voters missed the opportunity to demonstrate the power to choose the government and there was a record low vote turnout.

For the coming elections, it is likely that some party realignments will take place. It could happen as a result of the reorganization of the opposition parties or as a major realignment involving the LDP. Whatever adjustment is made the number of candidates in each district is likely to decrease, providing voters with options between pro- and anti-status quo. In such a situation, opposition parties may appeal to the public by clearly stating their policy differences from the ruling party. If voters strongly feel that they can influence the power of the government and choose policy goals, more will go to the polls.

In the 1996 election, many candidates, especially those of the LDP and the NFP, ran their election campaigns in the same manner as under the old multi-seat district system. They continued to rely on the organized votes of many politically oriented groups, and did not spend enough time and energy appealing to the general public. With a higher voter turnout, however, candidates cannot continue their traditional way of campaigning. They must appeal to "the silent majority."

As many critics quickly pointed out, the 1996 election was not as policy-

oriented as the supporters of political reform hoped it would be. There were very few policy differences among the major political parties. The election was, however, probably the most party-oriented one for many years. In many single seat districts, the candidates from the ruling LDP and the largest opposition party, the NFP, fought fiercely. In proportional representation districts, the NFP received 28.2 %, only 4.5 % less than the LDP (32.7 %).

Under the more party-oriented election, the major parties realized that the image of the party leader was important. The LDP, the NFP and the Socialist Party chose new party leaders for the election. The newly-created Democratic Party appointed a popular Minister of Health and Welfare Naoto Kan as co-leader of the party right before the election.

There are several factors which may strengthen this tendency towards party-oriented elections in the future. First, with fewer parties represented in the race policy differences between parties will be clearer. Second, party headquarters may develop stronger control over the list of candidates, especially in proportional representation districts. Third, government subsidies are given to the party not to individual politicians. This will probably give the party leadership stronger control over election campaigns.

These factors are very likely to contribute to stronger party leadership between elections, and therefore to a more centralized power structure within the political parties. If the leader of the ruling party, or the Prime Minister, has stronger control over his own party, he will have better control over his cabinet. With a more united cabinet, the national leader can better achieve his policy goals as promised to the public during the election. If the national leader fails to deliver a policy goal which voters desire, he and his party may lose control over the government under the new electoral system.

This does not mean that the new electoral change has only a positive impact on the LDP leadership. Although it weakened the LDP factions, it did not eliminate them. Factions still exist within the LDP, and remain decisive for the stability of the government and the selection of the Prime Minister. However, with the new electoral system, LDP candidates, even powerful incumbents, find

themselves playing a completely different game. In order to win their seats, they need to get a higher percentage of the total votes. To many candidates, the election pressure was much greater than ever, and the increased competition for single seats made them more sensitive to election pressures than to national interests. This made them more enthusiastic to please their constituencies and client industries than to support the Prime Minister. This may well be a major obstacle for the national leader in the future.

The Diet and Government Reform of 1999

In January 1999, the LDP formed a coalition government with Ozawa Ichirō's Liberal Party. As a condition to join the coalition, the Liberal Party demanded a set of institutional changes to strengthen the role of the Cabinet and politicians and to curb the influence of the bureaucracy. One condition Ozawa presented was the immediate reduction of the number of cabinet ministers from 20 to 15. In Ozawa's view, a large-sized cabinet is very difficult to keep united and reaching a unanimous decision is difficult. And it also opened the door for incompetent politicians to come to power. Less prestigious and junior cabinet positions, such as the director generals of the Okinawa and Hokkaido Development Agencies, could be consolidated. By reducing the size, Ozawa believed, the Cabinet would become more unified, more selective and efficient. The LDP agreed immediately to reduce the number of cabinet posts from 20 to 18 and to 14 by January 2001.¹

In order to further pursue other policy arrangements, the LDP and the Liberal Party formed project teams between the two parties. One of the teams discussed the Diet and government reform plan. Ozawa wanted to abolish "the government commissioner system" which allowed bureaucratic officials to answer questions from the opposition parties in the Diet. This practice perpetuated the dependency of politicians on the bureaucracy, and allowed incompetent politicians to serve in cabinet positions. The project team decided on the abolition of the government commissioner system, starting from the 146th Diet session (Fall

1999). Bureaucratic assistance would be limited to the "government witness" who would answer only highly technical matters and only upon the request of the diet committee. The abolition would force the Prime Minister to select for cabinet seats politicians with deeper policy knowledge and expertise. If the Cabinet is composed of more knowledgeable and efficient politicians, the power balance would eventually shift from the bureaucracy the Cabinet.

Another proposal by Ozawa was the introduction of deputy ministers to strengthen the position of the parliamentary vice ministers. Apart from the minister the parliamentary vice minister was the only other political position in the bureaucracy. Although it was supposed to be the number two position in the ministry, the parliamentary vice minister played a very limited role in policy making, and often was referred to as an "appendix" of the ministry. The actual power rested in the hands of the administrative vice minister, a top bureaucrat of the ministry. In order to increase the government party's control over the bureaucracy, Ozawa wanted to increase the number of politicians by creating junior ministers following the British model.

After discussions the project team including members from both the LDP and the Liberal Party came to agreement. In January 2001, the current 24 vice ministerial positions will be eliminated with the reorganization of the central government. Instead, a total of 22 deputy ministers and 26 political affairs officers will be appointed. Deputy ministers are expected to play a more active and influential role in policy making processes in each ministry. Political affairs officers are also to assist ministers in order to strengthen political control over the ministries. Meanwhile, the number of vice ministers or "state secretaries" for the entire central government would be temporarily increased from 24 to 32 in fall 1999. This step was taken in order to strengthen assistance to ministers in the Diet on the occasion of the abolition of the government commissioner system.

In addition, another major change was introduced further to improve diet operations. The project team decided to establish the National Basic Policy Committee as a standing committee in both houses of the Diet, starting in the 2000 ordinary diet session (January 2000). The committee is to hold weekly

meetings for about 40 minutes throughout the session. At the meeting, the Prime Minister and the party leaders of the opposition parties and coalition partners will debate freely, following the British "question time" system. The Prime Minister is expected to rely less on the notes prepared by the bureaucrats and more on his own policy knowledge and political beliefs. While the Prime Minister is required to attend this weekly meetings, his attendance at other diet committees and floor meetings will be significantly reduced. This would increase the spot light effect on the Prime Minister. His leadership and ability to convey a message to the Diet and to the public will become much more important with this change.

The above three major changes were introduced to the Diet in the Bill to Enhance Diet Operation and Politician-led Policy Making System. This bill was passed on July 26, 1999 with support from the LDP, the Liberal Party, the Democratic Party and *Kômeitô*. The abolition of the government commissioner system will force the Prime Minister to select competent cabinet members, thus strengthening the Cabinet. The introduction of deputy ministers will strengthen cabinet control over the bureaucracy. The establishment of the new NBP committees will require the Prime Minister's policy involvement and will make his stand on issues more transparent. These changes should help strengthen the national leadership.

Changes under Hashimoto's Administrative Reform

Enhancing the power of the Prime Minister and Cabinet was one of the major objectives of the Hashimoto Ryûtarô Cabinet's administrative reform program. One of the Administrative Reform Council members told the author that "Strengthening the Cabinet function was a much more important achievement for the Council than reorganizing the ministries which attracted the media's attention."² The administrative reform-related bills were passed on July 8, 1999. The new laws will bring out significant institutional changes to strengthen the power of the Prime Minister and the Cabinet.

The Cabinet Law was revised to improve the policy initiative of the Prime Minister. While the national leader's authority at cabinet meetings was not clear under the old law, the revised Article 4 clarifies his authority to propose important, basic policies at such meetings. Technically, under the old law, it was possible for the Prime Minister to propose a policy as a member of the Cabinet. But cabinet members, including the Prime Minister rarely took such initiative. The Cabinet dealt with policy issues which had been discussed and pre-approved at the vice-ministerial meeting. This practice strengthened the bottom-up style of Japanese government decision-making, and weakened the political initiative of the Prime Minister. With the revision, institutional arrangements are clearly set for the national leader to initiate policies from the top.

The authority and functions of the Cabinet Secretariat will be also reinforced. The revised Cabinet Law provides it with the authority to plan and draft important national policies. This was one of the major points which the bureaucrats strongly resisted during the deliberations of Hashimoto's Administrative Reform Council. The existing ministries did not want the Cabinet Secretariat to plan and draft bills in their own jurisdiction. The revised law allows the Cabinet Secretariat to develop concrete plans under the direction of the Cabinet and Prime Minister. Theoretically, the Prime Minister and the Cabinet now can initiate and proceed with the policy processes independently from the relevant ministry.

The Cabinet Secretariat will be enlarged and the number of assistants within it will be increased from 3 to 5, they will be appointed by the Prime Minister. To assist the Chief Cabinet Secretary and his three deputies, three assistant positions were created for special career officers above the bureau-chief level. The revised law also lists the newly created Cabinet Information Officer. In addition, the Prime Minister also can increase the number of secretaries from the current number of five by executive order. This expanded body is expected to strengthen the function of the Cabinet Secretariat as a supporting organ of the Prime Minister.

The establishment of the Cabinet Office further strengthened the support

system behind the Prime Minister. This office will be headed by the Prime Minister and administered by the Chief Cabinet Secretary and his deputies. It will be located in the Cabinet, and therefore ranked higher than other ministries. Its main task is to assist the Cabinet and its secretariat in planning and drafting policy proposals and in coordinating other ministries.

This new office will be a significant weapon for the Prime Minister to pursue his policy objectives in several ways. First, the Prime Minister's authority as head of the Cabinet Office is very powerful. He can directly control administrative affairs once the Cabinet Office takes on a policy issue by coordinating the different ministries. Article 7 of the Cabinet Office Establishment Law gives the Prime Minister authority to direct related ministries and their officers. It also allows the national leader to order the head of the relevant ministries to submit necessary information and to provide appropriate explanations. He can also express his opinion to the relevant ministry. This is completely different from the old institutional setting under which the Prime Minister had no legal authority to supervise ministries without first receiving Cabinet approval.

Second, the Cabinet Office will provide significant administrative support for the Prime Minister as it will merge a large part of the current Prime Minister's Office with the Economic Planning Agency. Although the total number of the officers in the new office is not clear at the time of writing, it will have five bureaus and 20 divisions according to the Obuchi government plan.³ In addition to five bureau chiefs and 20 division directors, there will be seven bureau-chief-level and 51 director-level officers, and 17 *shingikan* (ranked between bureau chief and director) in charge of different policy issues. This means that nearly 100 executive officers will be working to assist the Prime Minister in policy areas.

Third, the authority of these officers will be enforced by new institutional arrangements in the National Administrative Organization Law which was revised as a part of the administrative reform bills of 1999. Article 2 of the revised law facilitates inter-agency coordination by giving heads of ministries and agencies authority to request other ministries to supply administrative

information and explanations, and provide their opinion. It also requires each ministry and agency to coordinate with the Cabinet Office as well as with other ministries. This gives the Cabinet Office a legal base to coordinate the interests of different ministries to pursue the Prime Minister's policy objectives. In addition, the Cabinet Secretariat is designated to conduct "highest-level and final policy coordination."⁴ Thus, the new institutional settings provide three levels of policy coordination; among ministries, under the guidance of the Cabinet Office, and finally by the Cabinet Secretariat.

How will these new institutional arrangements change the policy process within the national government? A good and important example will be the budget process. The traditional budget process was typically a case of bottom-up decision making. Initial proposals were drafted by various divisions within the ministries, and gathered together by the ministries' secretariat. Based on the government's economic forecasts, the Ministry of Finance [MOF] calculated government revenue and set the budget spending ceiling. With this ceiling, MOF examined the initial proposals from the ministries. After this examination, political pressures were taken into consideration in the negotiation between the government and the ruling party. Under the old budget process, there was a very limited role for the Prime Minister and cabinet.

Under the new Cabinet Office, the establishment law and fiscal and budget policies are identified as important national issues. The law also authorizes the Prime Minister to form a Council on Economic and Fiscal Policy as an advisory organ independent from the bureaucracy. The Council will advise the Prime Minister on macro-economic and fiscal policy issues. The new Cabinet Office, which is to assume the functions of the current Economic Planning Agency over macro-economic policy, will provide administrative assistance to the Council and the Prime Minister. Based on the recommendation of the Council, the Prime Minister will initiate the budget process by proposing the total size of the budget and prioritizing major spending items. According to former Deputy Chief Cabinet Secretary Ishihara Nobuo, this change will "shift the essential function of budget formation from the MOF to the Cabinet Secretariat."⁵

Conclusion

The above changes will create new institutional settings for the Prime Minister. The 1994 electoral changes would eventually make future elections more party-oriented. This would contribute to stronger control of the Prime Minister over his own party, and thus over his cabinet. The 1999 diet and government reform would increase the power of the Cabinet vis-a-vis the bureaucracy. The introduction of deputy ministers would increase the Cabinet control over the bureaucracy, and the abolition of the government commissioner system would force the Prime Minister to form a more competent cabinet. The 2001 administrative reform would provide the Prime Minister with clear legitimacy to take stronger policy initiatives and empower supporting organs to carry out his policy objectives.

These institutional changes will make it much easier for the Prime Minister to exercise his leadership. However, they do not automatically guarantee stronger leadership. That depends on the individual Prime Minister and his ability to take advantage of the new institutional arrangements. With a weak power base within the ruling party, the new electoral rule may end up strengthening the power of the LDP Secretary General and not that of the Prime Minister. If the Prime Minister cannot resist factional pressure and chooses incompetent cabinet members who are unable to answer questions in the Diet, the result would be chaotic deliberation. While the new National Basic Policy Committee is a good forum for the national leader to advertise his policy objectives, it may reveal that his policy commitment is superficial. Thus, the Prime Minister may face severe repercussions from the public, the media, the opposition parties and from business and the international community. Without the Prime Minister's policy involvement and a clear objective, the three level policy coordination system may result in a policy outcome different from the original intent. Even with more a favorable institutional environment, the fact remains that the Prime Minister still needs to depend on his informal sources of power to gain support within the government and the ruling party, and from the

public, the opposition parties and the business community.

Endnotes

- ¹ Article 2 of the Cabinet Law to be revised in January 2001 limits the number of cabinet members 14, but allows to appoint up to three additional members if necessary. See the 2000 edition of RoppoZensho.
- ² Moroi Ken, interview by author, Tokyo, October 22, 1998.
- ³ “Kanbô Kyoku oyobi Kashitu no Seiri narabini Bunshôshoku no Katsuyô ni tuite,” the Secretariat of the Headquarters for Promoting Central Government Reform, July 15, 1999.
- ⁴ “Aratana Shôkan Chôsei Shisutemu ni tuite,” information material number 10, presented at the 12th Advisory Council Meeting of the Headquarters for Promoting Central Government Reform, March 26, 1999.
- ⁵ Ishihara Nobuo, *Kan Kaku Arubeshi* [The way the bureaucrats should be], Shôgakukan Bunko, Tokyo, 1998, p.189.