

CONTESTED GOVERNANCE IN JAPAN

Sites and issues

Edited by
Glenn D. Hook

SHEFFIELD CENTRE FOR JAPANESE STUDIES/ROUTLEDGECURZON SERIES



Contested Governance in Japan

Contested Governance in Japan extends the analysis of governance in contemporary Japan by exploring both the sites and issues of governance above and below the state as well as within it. All contributors share a common perspective on governance as taking place in different sites of activity, and as involving a range of issues related to the norms and rules for the management, coordination and regulation of order, whether within Japan or on the regional or global levels. This volume discusses the contested nature of governance in Japan and the ways in which a range of actors is involved in different sites and issues of governance at home, in the region and the globe. Including chapters on global governance, local policymaking, democracy, environmental governance, the Japanese financial system, corruption, corporate governance and the family, this collection will be of interest to anyone studying Japanese politics and governance.

Glenn D. Hook is Director of the Graduate School of East Asian Studies and Professor of Japanese Studies at the University of Sheffield, UK.

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Notes on contributors

J. Babb is Lecturer in Japanese politics at the University of Newcastle-upon-Tyne. Prior to going to Newcastle, he worked in Japan as both a part-time lecturer at Tokyo Metropolitan University and as a consultant to the National Institute for Research Advancement managed by the Economic Planning Agency of the Japanese government. He holds an MA and PhD from Stanford University, and a Certificate from the Inter-University Center for Japanese Studies in Tokyo. His major publications include *Business and Politics in Japan* (University of Manchester Press, 2001) and *Tanaka: the making of postwar Japan* (Longman, 2000).

Philip G. Cerny is Professor of Global Political Economy in the Center for Global Change and Governance, Rutgers University-Newark. His publications include *The Changing Architecture of Politics: structure, agency and the future of the state* (Sage, 1990), *Finance and World Politics: markets, regimes and states in the post-hegemonic era* (editor, Edward Elgar, 1993), *Internalizing Globalization: the rise of neoliberalism and the erosion of national models of capitalism* (co-editor, Palgrave, forthcoming 2005) and numerous other works including articles in *International Organization*, the *European Journal of International Relations* and the *Review of International Studies*.

Hugo Dobson is Lecturer in the International Relations of Japan in the School of East Asian Studies, the University of Sheffield. In addition to a number of articles and book chapters, his publications include *Japan's International Relations: politics, economics and security* (co-author, Routledge, 2001), *Japan and United Nations Peacekeeping: new pressures, new responses* (RoutledgeCurzon, 2004), and *Japan and the G7/8: 1975 to 2002* (RoutledgeCurzon, 2004).

Tom Gill is Associate Professor of Social Anthropology at the Department of International Studies, Meiji Gakuin University. His publications include *Globalization and Social Change in Contemporary Japan* (co-editor, Trans Pacific Press, 2000), *Men of Uncertainty: the social organization of day laborers in contemporary Japan* (SUNY Press, 2001), and numerous papers in English and Japanese. Home page: <http://tomgill.homestead.com/TomGill.html>

Hasegawa Harukiyo is Professor of Global Management and Human Resource Management at Doshisha Business School in Kyoto. His research interests are

in Asian business and management. His publications include *An International Comparison of Business and Management* (Chūō Keizaisha, 1993, co-author, in Japanese); *Steel Industry in Japan: a comparison with Britain* (Routledge, 1996); *Japanese Business and Management: restructuring for low growth and globalization* (co-editor, Routledge, 1998); *The Political Economy of Japanese Globalization* (co-editor, Routledge, 2001). He is General Editor of the international journal, *Asian Business & Management* (PalgraveMacmillan).

Hatsuse Ryūhei is Professor of International Relations at the Faculty for the Study of Contemporary Society, Kyoto Women's University. His publications include *International politics: the trajectory of theories* (Dobunkan, 1993, in Japanese), *Ethnicity and Multiculturalism* (editor, Dobunkan, 1996, in Japanese), 'Regionalism in East Asia and the Asia-Pacific' in Yoshinobu Yamamoto (ed.) *Globalism, Regionalism and Nationalism* (Blackwell, 1999), and 'Japanese responses to globalization: nationalism and transnationalism' in Glenn D. Hook and Hasegawa Harukiyo (eds) *The Political Economy of Japanese Globalization* (contributor, Routledge, 2001).

Glenn D. Hook is Professor of Japanese Studies and Director of the Graduate School of East Asian Studies, the University of Sheffield. His research interests are in Japanese politics, international relations and security. His publications include *Militarization and Demilitarization in Contemporary Japan* (Routledge, 1996), *Japan's Contested Constitution: documents and analysis* (Routledge, 2001, coauthor), *Japan's International Relations: politics, economics, and security* (Routledge, 2001, coauthor) and *The Political Economy of Japanese Globalization* (Routledge, 2001, coeditor).

Lam Peng Er is a Senior Research Fellow at the East Asian Institute, National University of Singapore. He obtained his PhD in political science from Columbia University. His latest book is *Green Politics in Japan* (Routledge, 1999). He has published articles in journals such as *Pacific Affairs*, *Asian Survey* and *Japan Forum*.

Osawa Mari is Professor of Social Policy at the Institute of Social Science, University of Tokyo. She specializes in welfare issues, especially in relation to gender, and holds a PhD in economics from the same university. She works for the Council for Gender Equality under the Cabinet Office of Japan, as the Chair of the Committee of Specialists on Gender Impact Assessment and Evaluation of Public Policies. Her publications include *A History of Social Policy in Modern Britain: from Poor Law to the Welfare State* (University of Tokyo Press, 1986, in Japanese), *Beyond Corporate-Centered Society: a Gender Analysis of Contemporary Japan* (Jiji Press, 1993, in Japanese) and 'Government approaches to gender equality in the mid-1990s', *Social Science Japan Journal* 3, 1, 2000.

Miranda A. Schreurs is an Associate Professor in the Department of Government and Politics at the University of Maryland, College Park. She teaches courses on comparative politics, focused on Japan, East Asia, Germany,

and the European Union as well as more specialized courses on environmental politics. She is author of *Environmental Politics in Japan, Germany, and the United States* (Cambridge University Press, 2002) and co-author of *Environmental Security in Northeast Asia* (co-author, Yonsei University Press, 1998) and the *Internationalization of Environmental Protection* (co-author, Cambridge University Press, 1997). She holds a PhD from the University of Michigan (1996) and an MA and BA from the University of Washington (1987, 1986).

J. A. A. Stockwin was Nissan Professor of Modern Japanese Studies and Director of the Nissan Institute of Japanese Studies at the University of Oxford between 1982–2003. He was also a Fellow of St. Antony's College. His degrees are from the University of Oxford (BA) and the Australian National University (PhD). Between 1964 and 1981 he taught in the Department of Political Science at the Australian National University, Canberra. His publications include *The Japanese Socialist Party and Neutralism* (Cambridge University Press, 1968), *Dynamic and Immobile Politics in Japan* (editor and co-author, Macmillan, 1988), *Governing Japan* (Blackwells, 1999), *Dictionary of the Modern Politics of Japan* (RoutledgeCurzon, 2003) and the *Collected Writings of J. A. A. Stockwin: Part I, The Politics and Political Environment of Japan* (RoutledgeCurzon, 2004).

Takeda Hiroko completed her PhD at the School of East Asian Studies, the University of Sheffield. She previously taught at Cardiff Japanese Studies Centre, Cardiff University, and is currently a Lecturer in Japanese Studies in the School of East Asian Studies, the University of Sheffield. Her first book is *The Political Economy of Reproduction in Japan* (RoutledgeCurzon, 2004).

Preface and acknowledgements

This book is the fruit of a research project which grows out of a meeting held on 30 May 2001 between British and Japanese research funding bodies, other interested parties, and the British Association for Japanese Studies (BAJS). In the wake of the meeting, three research projects were identified as filling important gaps in the literature: governance in Japan; the 'Other' in Japanese literature; and modern and contemporary Japanese nationalism. It was agreed at a meeting of the BAJS council shortly thereafter that three members of council would act as project leaders, drawing on both members of the association and others in the field in order to find the best possible contributors to produce three edited books. This is the first of those three volumes, with the second being edited by Mark Williams and the third by Naoko Shimazu.

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GDH

Note on the text

Following Japanese convention, the family name precedes the given name unless the author of a source publishes in English and does so using the reverse order. Long vowels are indicated by a macron, except in the case of common place and other names, such as Tokyo.

Abbreviations

AMF	Asian Monetary Fund
AOTS	Association for Overseas Technical Scholarship
APEC	Asia Pacific Economic Cooperation
APSF	Asian People's Friendship Society
ARF	Association of Southeast Asian Nations Regional Forum
ASA	ASEAN Swap Arrangement
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
BOJ	Bank of Japan
BSA	Bilateral Swap Agreements
CASA	Citizens' Alliance for Saving the Atmosphere and the Earth
CCM	Capital Cost Management
CEFP	Cabinet Office's Council on Economic and Fiscal Policy
CEO	chief executive officer
CMI	Chiang-Mai Initiative
CPSU	Communist Party of the (former) Soviet Union
DP	Democratic Party
DVD	digital versatile disk
EAEC	East Asian Economic Caucus
EC	European Community
ESC	Economic Strategy Council of Japan
ETS	Emergency Temporary Shelter
EU	European Union
FCCC	Framework Convention on Climate Change
FRC	Financial Reconstruction Commission
FDI	foreign direct investment
FILP	Fiscal Investment and Loan Programme
FSA	Financial Supervisory Agency
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GLOBE	Global Legislators Organization for a Balanced Environment
GOCO	government-owned, contractor-operated

GSM	Global System for Mobile Communications
HRM	human resource management
IMF	International Monetary Fund
IPE	international political economy
IPO	Initial Public Offering
IR	international relations
IR	investor relations
ISO	International Standard Organization
IT	information technology
JCP	Japan Communist Party
JICA	Japan International Cooperation Agency
JITCO	Japan International Training Cooperation Organization
JSP	Japan Socialist Party (later Social Democratic Party (SDP))
JUSCANZ	Japan, United States, Canada, New Zealand
LDP	Liberal Democratic Party
M&A	merger and acquisition
MAFF	Ministry of Agriculture, Forestry and Fisheries
METI	Ministry of Economy, Trade and Industry
MEXT	Ministry of Education, Culture, Sports, Science and Technology
MHLW	Ministry of Health, Labour and Welfare
MHW	Ministry of Health and Welfare
MITI	Ministry of International Trade and Industry
MLIT	Ministry of Land, Infrastructure and Transport
MOC	Ministry of Construction
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
MOJ	Ministry of Justice
MOL	Ministry of Labour
MP	Member of Parliament
NAM	Non-Aligned Movement
NFRWO	Housewives Confederation and National Federation of Regional Women's Organizations
NGO	non-governmental organization
NIMBY	'not in my back yard'
NPO	non-profit making organization
NTT	Nippon Telegraph and Telephone Public Cooperation
OAS	Organization of American States
ODA	official development assistance
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
PARC	Policy Affairs Research Council
R&D	research and development
ROE	return on equity
SDP	Social Democratic Party
SEC	Securities and Exchange Commission

SSC	self-reliance support centre
SSM	Social Stratification and Social Mobility
SSS	Social Security Service
UK	United Kingdom
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNSC	United Nations Security Council
US	United States
WEM	white-collar, employed, managerial
WHO	World Health Organization
WTO	World Trade Organization

Glossary

Japanese

ainori riding together.

amakudari ‘descent from heaven’; practice of retired bureaucrats taking posts in industries, etc. that they used to regulate.

bakufu military government.

Daijūzeki the name of the stone weir built on the Yoshino river around 250 years ago.

daimyō feudal lords.

fukoku kyōhei ‘enrich the country, strengthen the military.’

gaiatsu external pressures.

jiritsu shien sentā Self-reliance Support Centre (SSC).

keiretsu large conglomerates, often linking a variety of different sectors of the economy, which usually tie together large manufacturers and their suppliers.

kinkyū ichiji hinanjo Emergency Temporary Shelter (ETS).

kōenkai personal support machines at the constituency level.

Kōmeitō Clean Government Party.

mutōha non-party-affiliated voters.

naiatsu internal pressures.

Nikkei *Nihon Keizai Shimbun*.

Nikkeijin ‘second-generation Japanese’; used here to refer to South-Americans of Japanese origin.

Nikkeiren *Nihon Keieisha Dantai Renmei* (Japan Federation of Employers’ Associations).

seikatsu hogo livelihood protection; main form of general social welfare in Japan.

shakai fukushi social welfare.

shakai fukushi jimusho social welfare office.

shingikai advisory council.

shitei toshi ‘designated city’; category for thirteen major metropolises (i.e. those with over 500,000 population though most have populations over 1,000,000) with higher level of autonomy than other cities.

sōgo shōsha general trading companies.

sokaiya racketeer.

Tennō Emperor.

yoseba a gathering place for day labourers.

zaibatsu pre-war industrial conglomerates.

zenecon general contractors in the construction industry.

zoku giin ‘policy tribesmen’.

Non-Japanese

ASEAN 4 Association of Southeast Asian Nations members Indonesia, Malaysia, the Philippines and Thailand.

‘big bang’ range of measures taken to liberalize and deregulate the Japanese financial system.

‘Dodge line’ named after Detroit banker, Joseph Dodge, who in 1949 implemented a number of economic measures known as the ‘Dodge line’ in order to combat inflation and stimulate the Japanese economy.

G6 Group of six major industrialized countries; France, (West) Germany, Italy, Japan, United Kingdom and the United States.

G7 Group of seven major industrialized countries; Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.

G8 Group of eight major industrialized countries; Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States.

G10 Group of Belgium, Canada, France, Italy, Japan, the Netherlands, Sweden, Germany the United Kingdom and the United States. Switzerland became the eleventh member, but the group is still called G10. G-7/G-8 and G10 are not related.

G77 Group of seventy-seven developing nations at the United Nations.

NIES 4 The Newly Industrialized Economies of Hong Kong, Singapore, Taiwan and South Korea.

Introduction

Contested governance in Japan: modes, sites and issues

Glenn D. Hook

Whilst a veritable avalanche of research has appeared in English on topics ranging from 'global governance' down to 'corporate governance' in different parts of the world, especially the Anglo-American world, the amount of work in the Japanese language is far more limited. Except for a burgeoning literature on corporate governance and to a lesser extent local governance, for the most part governance in Japan is simply viewed as what governments do, and, as the years since 1955 have been dominated by governments led by the Liberal Democratic Party (LDP), except for a brief period in the mid-1990s, governance has been viewed as predominately a question of how the LDP governs. Thus overwhelming interest has been focused on the balance between and amongst what are viewed as the key actors in the classic tripartite elite model of policymaking in Japan, the LDP, bureaucracy and big business, or how things have changed in the era of coalition governments in the 1990s and early 2000s. Other analysts have sought to broaden the understanding of how policy is formulated by examining actors outside of this triumvirate. This has expanded the range of actors seen to be involved in the policymaking process beyond the so-called 'iron triangle', as suggested by the term 'patterned pluralism' (Muramatsu and Krauss 1987), or 'bureaucracy-led, mass inclusionary pluralism' (Inoguchi and Iwai 1987: 5–7; also see Stockwin 1999: 221). Despite such a broadening in the way the actors playing a role in the governance of Japan is understood, however, the main focus has remained on how Japan is governed in terms of the actors involved in the policymaking process at the central government level.

This view of governance as a question of how the government and other actors govern Japan through the policies implemented is represented by the most recently available volume on governance in Japan published in English (Amyx and Drysdale 2003). The authors of *Japanese Governance. Beyond Japan Inc.* accordingly focus their attention on the policymaking process in Japan and do not attempt to examine the Japanese meaning of governance nor grapple directly with a definition of governance. Instead, their aim is to shed light on governance in the field of political economy, to go beyond 'Japan Inc.' as a metaphor for understanding the structures of governance in Japan, and to inquire into the changes, both political and economic, that have increased transparency and openness in the policymaking process. This view of governance is linked to the global, especially American,

pressures on Japan to adopt more of a neo-liberal, market-based, mode of governance, and the authors tend to view Japan in the context of these types of yardsticks.

Hence, whilst the volume adds to our understanding of governance in relation to political economy and the policymaking process in Japan, it does not seek to question the specific political project promoting neo-liberal governance nor deal with the manifold meanings of the term 'governance' and governance of and by the Japanese more broadly. The chapters in the present volume aim to move the discussion of Japanese governance forward by going beyond an examination of the role of the government and other actors in the policymaking process at the national level, and to analyse the sites and issues of governance both above and below the state. Although the contributors approach governance differently depending on the topic addressed in their own chapter, all share a common perspective on governance as taking place in different sites of activity, and as involving a range of issues related to the norms and rules for the management, coordination and regulation of order, whether within Japan or on the regional or global levels. In other words, governance is seen as being practised both above and below the state as well as inside and outside of it. By adopting this approach, the book aims to draw attention to the contested nature of governance in Japan and the ways in which a range of actors is involved in different sites and issues of governance at home, in the region and the globe.

The purpose of this introductory chapter is to highlight a number of insights into governance in general, and then to proceed to a more detailed discussion of governance in Japan before introducing the chapters included in this volume. The aim is to identify different meanings of and approaches to governance as well as to examine how governance is understood in Japan. More particularly, if we accept the argument of certain broad typologies of capitalism (Coates 2000), such that governance in a late developmental state like Japan might well be different from governance under Anglo-American capitalism, then an important question to ask is what is distinctive about Japanese governance? In short, a central aim of examining governance in terms of sites and issues is to determine whether anything distinctive can be said about it.

Modes of governance

A useful starting point is an understanding of governance as involving a potential contestation between and amongst authority, legitimacy and competency in the management of political, economic and social order. This order can be achieved by three basic modes of governance – that by hierarchies, markets or networks (see Chapter 5). The balance between and amongst these three ways of governing differs over space and time, but the process of American-led globalization and the promotion of neo-liberal market answers to questions of economic growth and efficiency are creating a greater role for the market and networks, although often complemented by state-based hierarchies. The spread of pressures for de- or re-regulation and a small state has led commentators to pay increasing attention

to how the state is making use of non-state private actors and quasi-governmental organizations as a means to achieve public goals. This changes the balance between the public and private spheres of activities and prioritizes a market-based or network-based mode of governance over hierarchical governance through the agencies of the state.

Essentially, this change in the balance between and amongst these three modes of governance reflects a re-ranking or re-ordering of the norms at the core of the governance of the state, economy and society. This changes the balance between governance through public or private actors, as can be seen in the increased involvement of non-state actors in carrying out erstwhile public tasks. The ‘off-loading’ of tasks by the British state, for instance, as seen in the way deregulation has created opportunities for non-state actors or quasi-governmental organizations to carry out tasks once the preserve of the state, as in health, education and the prison service, has thereby changed the mode of governance in the United Kingdom. The implication of the impact this has on the wider role of the state, however, is not clear-cut. Rhodes (1994), for instance, sees this change as leading to the ‘hollowing out’ of the state, whereas others, such as Pierrie (2000), view this rather as the state adopting strategies to ensure its continuing control (Bache 2003: 301). Whichever position is taken, however, it is clear that the hierarchical mode of governance characteristic of the state is being increasingly complemented by governance based on markets and networks.

Governance in Japan

The above discussion has provided a context for us to now move on to the case of Japan. Is there a particularly Japanese form of governance? The word for governance in Japanese is *tōchi*. As Naya has pointed out, however, the concept of *tōchi* gives a strong sense of ‘actions to govern’, as when the supreme court rules a matter such as the constitutionality of the Self-Defence Forces as the government’s ‘*tōchi*’ and not within the competency of the court to pass judgment, reflecting the dictionary definition of *tōchi* as ‘the sovereign control of the land and people’ (Naya 1997a: 194–5. Also see the Japanese dictionary, *Kojien*). It was precisely in order to try to provide a more nuanced meaning of governance, including the idea of ‘autonomy or society forming a consensus, and participation in the development or shaping of order by these means’, that Naya and Wessels proposed the term *kyōchi* (Naya 1997a: 201), ‘governance’ or, more precisely, ‘co-governance’. Here governance is understood as ‘the pattern of rule creation through the participation and cooperation of a variety of actors’ (Naya 1997b: 9).

Rather than this neologism, however, the rendition of the English term ‘governance’ in the *katakana* script as, *gabanansu*, is increasingly being employed in Japan, as in the case of a new magazine concerned with local affairs, entitled *Gabanansu*. Thus, *tōchi* and *gabanansu* now exist side by side, with the latter expression tending to be used in order to capture this broader meaning of governance than seems possible by the use of *tōchi*, or to refer to specific sites or modes of governance, as in ‘local governance’. In this latter case, as Yorimoto points out, the Japanese

term *tōchi* does not convey the interrelationship between public and private bodies, with local authorities working together with non-governmental organizations (NGO), non-profit organizations, corporations and local citizens (Yorimoto 2004: 61). In this sense, *gabanansu* is being employed in order to capture this wider meaning of the term, although *kigyō tōchi* (corporate governance) continues to be used.

It seems clear from the above discussion that the Japanese '*tōchi*' is narrower in meaning than the English 'governance', which points to the need to pay attention to how governance is understood in different political cultures. Whilst a rational choice approach would no doubt wish to jettison this brief excursion into the linguistic differences in the meaning and usage of governance, in particular, and governance in the cultural context of Japan, in general, the approach taken here suggests instead the importance of looking beyond a view based on the maximizing interests of the individual, which leads to the expectation of a similar pattern of behaviour in the governance of Japan as in other polities. Thus, although Ramseyer and Rosenbluth find politicians in control in Japan by adopting a rational choice approach (Ramseyer and Rosenbluth 1993), this view is more congruent with the mode of governance found in the United States than the mode of governance in Japan (Curtis 1999: 59). The point is that, due to differences in the sphere of the public and private, the state, market and society, governance can and does indeed differ in Japan, though this is not to suggest that the Japanese mode of governance or indeed political culture are hermetically sealed from outside pressures.

The mode of governance adopted in Japan, therefore, results from a combination of both internal and external pressures. For instance, Chalmers Johnson, a strident critic of rational choice theory, has highlighted the dominant role of the bureaucrats not politicians, in line with his view of Japan as a 'developmental state' where the state's intervention in the market is viewed as legitimate (1982). This leads to a highly regulated political economy and, indeed, society, where governance takes place through informal as well as formal regulation based on a range of practices, as in the case of administrative guidance (*gyōsei shidō*). In short, governance does not rely on politicians or the market economy to function effectively but rather takes place in the context of a different relationship amongst the state, market and society and with a greater role for the state than under Anglo-American capitalism.

Rather than politicians being in sole charge, then, the actual power of those who have been elected to carry out 'actions to govern' is not as it may at first appear. Van Wolferen, for instance, talks about 'kings without power' (1990: 27), the lack of strong political leadership, and a system bereft of a political centre (1990: 49). However, this is a 'system' which 'almost always succeeds in bringing antagonistic groups within its fold' (1990: 49), indicating a range of different groups and networks are involved in governance. This is a view of 'governance from above' dominated by a hierarchical mode of governance under bureaucratic control – a view shared by others (Beeson 2003: 32–3). Haley, in contrast, sees the bureaucracy forced into negotiation and compromise with the politicians, where '[c]onsensus was necessary to achieve compliance and compromise was necessary to achieve consensus' (1987: 351). In this view, crucial to the Japanese system of governance