THE BUREAUCRACY: ITS ATTITUDES AND BEHAVIOR

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H. J. Laski once wrote that he hoped "we shall rapidly end the system which prohibits the civil servant from writing upon politics and public administration save by the permission of the Department." (*Reflection on the Constitution*). Much the same opinion is voiced among students of public administration in Japan today. It is established practice that Japanese bureaucrats may not speak out on matters relating to their duties. Moreover it is of interest that this practice goes far beyond the limit expected by the laws governing "responsibility for the protection of secrecy" (such as State Employees Law Article 100). What has led to this excessive observance of secrecy is itself a problem worthy of inquiry, but, leaving this aside, at least it is undeniable that the fact of such excessive secrecy has impeded the development of the study of the bureaucracy. An interchange between research in public administration and practice therein such as is carried out through the Public Administration Clearing House in Chicago is inconceivable here in Japan.

Hence, in consideration of the data limitations in certain spheres, especially judicial administration, I have decided to take up in this paper other administrative fields, especially economic administration, and to delve into the attitudes and behavior of the bureaucrats in charge of these fields. As it happens, in postwar Japan, especially since 1955, it has been the bureaucrats in charge of economic administration, in place of the police officials, who are seen as having taken the seat of "*Stellvertreter Gottes auf Erden*" (Max Weber).

I. THE CLIMATE OF ADMINISTRATION SINCE 1955

According to a recently retired higher official, Japan's higher bureaucrats are plagued by two problems:

> The first is doubt as to whether the important policies of national administration are ones which are correctly determined by politics. And apart from whether or not they are correct, there is doubt whether comprehensive deci-

> sions are even *taken*.... It seems to me that there did not use to be many officials who harbored such doubts. It can be said that the anguish of today's officials lies in their having to answer such doubts themselves. The second problem is that it would seem, nonetheless, that political intervention in administration has become excessive.... The trend of excessive intervention by the government party not simply in policy decisions but in administrative measures is the problem. Does the article in the Constitution proclaiming that the Diet is the supreme organ of State power justify this trend? It is hard to accept that the Constitution admits of circumstances which lead to lack of clarity as to one-to-one administrative responsibility.[1]

This statement was made with reference to the postwar period, especially the period since 1955. Yet just what did it come to imply in the light of the political background to which it referred?

From 1946 to 1955, Japan had managed somehow or another to have a tentatively normal party politics. In the sense that this centered around two traditional conservative parties, it was a restoration of the party politics that had been operative in Japan prior to 1931. Naturally, this is not to say that the conservative parties that revived after the war were sufficiently capable of independent political initiative to be able to replace the military group that ruled Japan after 1931.[2] These conservative parties were conspicuously lacking in the technical and mental qualifications appropriate to policy makers. However, neither were there to be found elsewhere others any better equipped, and so these competing conservative parties, due to the very fact of their competition, ended up acquiring the qualifications of policy makers. That is, the activity of the parties became the mechanism through which the opportunities for decisions materialized, and they made only decisions relating to the general political framework with hardly an instance of intervention in public administration pursuing individual interests. And in accordance with this, the higher level bureaucracy leaves the general framework of "politics" to the party in power at the time. However, it became the practice for the bureaucrats to enjoy relative autonomy in the "administration" of the specifics of the general framework determined by the party. In fact, at that time they did not wind up joining the "in-party" conservative party but rather were promoting mutual understanding with the future "out-party" conservative party in

1 Takekazu Ogura, *Ryokuin kanwa* (Small Talk in the Shade of a Tree), Tokyo, Shinyō-shobō, 1963, pp. 85–86.

2 Cf. Shōzō Fujita, "Tennōsei no fashizumu-ka to sono ronri kōzō" (The Fascification of the Emperor System and Its Logical Structure), in *Kindai Nihon shisōshi kōza* (Lectures in the Intellectual History of Modern Japan), Vol. 1, Tokyo, Chikuma-shobō, 1959, pp. 297–316.

preparation for future transfers of power.

However, starting in 1955, this administrative autonomy disappeared rapidly. The catalyst for this was the unification of the conservative parties in that year. The Liberal Democratic Party which resulted from the unification—a single conservative party which controlled two-thirds of the seats in the Diet and which, thereafter, would come to carry out the politics of single-party rule in practice[3]—wound up eroding the relative autonomy of the higher bureaucracy. By which I refer to the fact that, upon the party's inception it reshuffled and strengthened a party organ, the Political Affairs Research Committee, composed of Diet members of the party. This is an organ with the purpose of "policy research and planning" having 14 specialty committees corresponding to each of the administrative offices, under a "deliberation and decision-making" body called the Deliberative Committee of the Political Affairs Research Committee. Hereafter, it became necessary for higher level bureaucrats to obtain the approval and consent of this Political Affairs Research Committee when planning and executing policy. Thus the Diet members of the government party—all of whom belong to one or another of the specialty committees mentioned above—have now gone so far as to "intervene in every aspect of the administrative activities of the central government agencies to satisfy the wants of their electoral districts and interest groups." It is no wonder that it has come to be said that "the central government agencies are no more than the business offices of the Liberal Democratic Party's Political Affairs Research Committee."[4]

It is not strange that under such circumstances the higher bureaucrats have developed feelings of contempt and frustration toward the government party. But the fact of the matter is that the higher bureaucrats must themselves bear some of the responsibility for the development of such circumstances. Postwar Japan, thanks to the fact that the principle of party government has come to be established, has witnessed numerous examples of higher bureaucrats giving up the civil service to become conservative party Diet members. Thus the conservative party has come to have a group of ex-bureaucrat Diet members whose number amounts to between a fourth and a third of the total number of the party's Diet members. And this fact has played its role in demolishing the relative autonomy of the higher

3 R. A. Scalapino & Junnosuke Masumi, *Parties and Politics in Contemporary Japan*, Berkley, University of California Press, 1962.

4 Junnosuke Masumi, "Jiyū minshutō no kōzō to kinō" (The Liberal-Democratic Party: Organization and Function), in *The Annuals of the Japanese Political Science Association 1967, The Parties and Bureaucracy in Contemporary Japan*, Tokyo, Iwanami-shoten, 1967, pp. 64–65.

bureaucracy. Originally that relative autonomy owed much to the fact that the higher bureaucrats were the exclusive bearers of *Dienstwissen* (Weber) but now, through the ex-bureaucrat Diet members, the government party has come to share in this *Dienstwissen.*

But such career changes operate to the disadvantage not only of the bureaucracy, but of the party as well, because when such career changes become the normal state of affairs, the non-bureaucrat Diet members will eventually become indistinguishable from, and absorbed into, the ex-bureaucrat group. That is to say, in the postwar period, Japan's political parties were appointed at one fell swoop to the leading role of the nation's "politics," but at the time they did not possess technical and mental gifts adequate to the task. Hence, the parties welcomed into their ranks as Diet members bureaucrats who possessed specialized knowledge about administration and finance and who were concerned about the maintenance of the established order in which they have a common interest; and thereby the parties attempted to offset the inadequacy of their policy formation capability.[5] However, such a method, though it might serve as a temporary stopgap, is no basis on which the party can cultivate its own policy formation capability. On the contrary, when such makeshift policy rather than being limited to a short term expedient comes to be employed repeatedly, it eventually weakens the party's own policy formation capability. The postwar history of the parties, especially since 1955, has a succession of just self-defeating actions. As a result today, we have arrived at a situation in which the government party "does not command the central government agencies but depends on them." That is to say that, while it is true that since the conservative party unification, the government party Diet members have become able to make requests about, or revisions of, the bills that the higher bureaucracy brings up, such requests or revisions are always made with reference to the bureaucracy's draft of the bill and not in place of the draft itself. And so it has now become the practice for such legislative drafts to be produced not with the participation and knowledge of the government party Diet members but exclusively by the central government agencies that "have amassed the technology and the widest range of information about matters falling within their jurisdiction, and which in addition possess strong regulatory powers over the local authorities."[6]

5 Yoshisato Oka, "Seitō to seitōseiji" (Parties and Party Politics), in *Gendai Nihon no seiji katei* (The Political Process in Contemporary Japan), Tokyo, Iwanami-shoten, 1958, pp. 69–109.

6 Masumi, *op. cit.*, p. 65.

And so the higher bureaucracy has now come to participate, in its own right, in the formation of the general framework itself. The notable strengthening of the various ministerial secretariats that took place at about the same time as the conservative party unification was intended to meet this change in the bureaucracy's role. That is, for the bureaucracy itself to produce "politics," new information and technology, different from those which had been so far acquired, were necessary. So the higher bureaucracy decided to have this newly required information and technology provided by the planning sections of the strengthened ministerial secretariats.[7] However, conspicuous changes have taken place in the world of "administration" that had previously been centered around the upper bureaucrats as a concomitant of their intrusion into the world of politics. In essence, "public administration" refers to the management of political society. Consequently, those who carry out such activities employ the administrative techniques required in such management and follow specific norms of behavior. Such norms might properly be called an administrative ethic because the *raison d'être* of administration is to discover and bring about "the public interest" from such a technical standpoint. Japan's higher civil service had, from the beginning of this century—and especially around 1920—built up a Japanese type administrative ethic which would enable the public interest to be determined.[8] This ethic included, for example, "the principle of resistance":

> ... in the conduct of administration it is possible for pressure to be applied from every sector; pressure, based on special interest, will arise from groups, from the business world, and from the political world. Especially under party politics, pressure is apt to be applied by political parties. However, insofar as administration is concerned, even though a political party has charge of the government, the official needs the spirit to resist to the last, to follow what he himself believes is right. How far is "the last"? It will vary according to the duty of the official and the circumstances, but in any case with such resistance on the part of the official, politics cannot fail to improve for the first time.[9]

However, with higher civil servants now participating directly in "politics" the "principle of resistance" is rapidly disappearing. Today, "there are many officials who consider piling compromise on compromise and settling things amicably to be the political way; and it is the trend even to recom-

7 Yoshio Hayashi, *Zaisei ron* (On Public Finance), Keizaigaku zenshū (Studies in Economics) Vol. 18, Tokyo, Chikuma-shobō, 1968, p. 50.

8 Junnosuke Masumi, *Nihon seitōshi ron* (On the History of Japanese Political Parties), Vol. 4, Tokyo, Tokyo daigaku shuppankai, 1968, Chap. 11.

9 Ogura, *op. cit.*, pp. 88–89.

mend that officials be political."[10] Thus, the statement of the retired bureaucrat concerning the troubles of today's bureaucracy can be seen as a warning about not simply the slipping away from the bureaucracy of "leadership in administration" but the very extinction of administrative leadership itself. But if so, can it be said that, in the postwar period, especially since the conservative party unification, the system of administrative action has in fact become extinct? In order to investigate this we must here separate the higher level bureaucrats into those in active departments and those in the Ministry of Finance, and investigate the latter particularly. This is because the Ministry of Finance is apt to seem to have escaped, relatively speaking, from the "intervention of politics into administration." This stems from the fact that although, as has already been mentioned, the intrusion of the higher bureaucracy into politics is carried out through the various specialty committees of the government party's Political Affairs Research Committee, and though these specialty committees were set up to correspond to the respective active departments, none exists which corresponds to the Ministry of Finance. The Ministry of Finance is apparently viewed by the Liberal Democratic Party as being, so to speak, sacrosanct territory.[11] Consequently, in the pages following, I shall look into the attitudes and behavior of the present Finance Ministry bureaucracy, and especially in relation to the "Income Doubling Policy."

That I have dealt particularly with the Income Doubling Policy is due to two reasons. First, because it is felt that this was the plan best suited to objectives of the union of the conservative parties, the reconstruction and maintenance of the established order, and consequently was also best suited to be the basic objective of Japanese politics of the time. By which I mean that although it is today that criticism of the plan is fiercest, nonetheless for nearly ten years after 1955 there was a period in which "politics was discussed exclusively in economic terms," and consequently the plan strongly caught up most of the nation until only very recently.[12] The second reason for dealing with the plan here lies in the fact that it was almost the only policy in whose formation the government party played an active—if limited—role. At least insofar as economic policy is concerned, there was nothing else either before or after in the ten-year period of 1955 in which the government party played such an active role.

10 *Ibid.*, p. 89.

11 *Sengo nōsei no tenkai* (The Evolution of Postwar Agricultural Administration), Sengo nōseishi shiryō (Materials for the Study of Postwar Agricultural Administrative History), 1963, p. 12.

12 Masaya Itō, *Ikeda Hayato—Sono sei to shi* (Hayato Ikeda—His Life and Death), Tokyo, Shiseidō, 1966, pp. 90–91.

Naturally, being such an exceptional case, it is not to be denied that changes in the attitudes and behavior of the Finance Ministry bureaucracy itself occurred in the process of its formation. But I believe that just because of this, by tracing those changes, it becomes all the more possible to identify clearly the characteristics of the attitudes and behavior of the Finance Ministry bureaucracy.[13]

II. THE INCOME DOUBLING PLAN AND THE FINANCE MINISTRY BUREAUCRACY

The Income Doubling Plan refers to a set of government actions, including the framing of a document entitled a "Plan for the Doubling of the National Income," that converted Japanese capitalism from an austerity model to a consumption model. Consequently it was in one aspect a purely economic policy of rapid development of the domestic market. At the same time, it possessed as well the character of an ethical policy which converted consumption into a virtue from the vice that it had come to be regarded as previously. It may have been precisely because it was endowed with this aspect of an ethical revolution that it expanded the domestic market at such astonishing speed. What tied together these two aspects of the plan, the economic and the moral, was the political manipulation of an economic document. That is, although as we shall see immediately below, the Income Doubling Plan first saw the light of day in the form of a document which spoke of an economic growth at a fairly high rate, the economy at the time the document was produced was already in a state of "overheated" prosperity. Consequently, to produce this sort of document and spur the boom on was considered, from the viewpoint of economic theory to be reckless; and indeed the basic nature of the Income Doubling Plan amounted in effect to ignoring such economic common sense.[14]

Generally, the development of an integrated policy depends upon the presence of motivating factors that spur the principal actors in the policy process in the direction of the given policy. In the case of the Income Doubling Policy two such motivating factors appeared in the sphere of the drafting of the policy document itself. The first was the fact that the policy document was handled by one man, Hayato Ikeda (1899–1965) who became the leader of the ruling party and Prime Minister in 1960. From the first, Ikeda keenly felt the need for a period of reorganization of Japanese capitalism. In 1952, he made the following remarks:

13 *Ibid.*, pp. 59–61.

14 Cf. The Monthly Feature, "Central Review," *Chūō-kōron*, February, 1961.

> We once tried to solve the problem by territorial aggrandizement and ended up bringing on the misfortune of today. We must not make this mistake again.... But, what is most necessary to improve the livelihood of eighty-four million people is that we discover in these four islands the means to exercise our power to the utmost limit.[15]

Ikeda's conception of Income Doubling can also be seen as the result, in a sense, of the fact that his realization of such needs gradually took shape amidst the rapid growth of the Japanese economy—for example, the average annual growth rate exceeded 10% between 1955 and 1960.[16] Having been a high level official in the Finance Ministry from 1925 to 1948, he had acquired a substantial amount of expertise about public finance. But the blossoming of this conception into a policy is due, more than anything else, to Ikeda's personal strength. The fact that the motivating factor to make the Income Doubling concept a policy was so rooted in the character of a government party Diet member is what leads me to deem it an exceptional policy.

However, was Ikeda's character the only determining factor? By no means. A second determining factor lay in the conversion of the Finance Ministry bureaucracy as a group to support of the policy. When Ikeda ascended to the seat of party leader—Prime Minister he immediately called on the Economic Planning Agency (EPA) to draft the basic document of the plan, "The National Income Doubling Plan" which set forth the objective of doubling the national income within ten years after the plan was to take effect and which set the goal of a 7.2% average annual growth rate (9% for the first three years). That, in this instance, the EPA was singled out from among the many administrative agencies, was due to the fact that this agency had from its inception been set up for the purpose of pushing forward a reorganization of Japanese capitalism. It began functioning in 1955, having taken over and expanded, under the new name of Economic Planning Agency, the powers and personnel of the former consultative organ, the Economic Counsel Board. And so a great many officials of a new type, called agency economists, who were of a different character from the conventional type of officials, were hired by this agency. What this implied is set forth in the following quote:

> ...in the postwar period, the role of the government agency has been undergoing major changes. The prewar administration-from-above, in which the

15 Hayato Ikeda, *Kinkō zaisei* (Balanced Public Finance), Tokyo, Jitsugyō no nihonsha, 1952, pp. 203–204.

16 Cf. Hisao Kanamori, *Keizaiseichō no hanashi* (Discussion of Economic Growth), Tokyo, Nihonkeizai shimbunsha, 1966, p. 26.

> bureaucrat as the official of the Emperor gave his permission and approval to the people, ought, it is propounded, in the postwar period to be changed to an administration charged with providing service to the public, with the administrator as a public servant of the people.... But it is quite difficult to make a new departure in government offices with old traditions and established systems; difficult in terms of personnel administration as well. In this regard relatively new organizations such as the EPA have the advantage of being able boldly to carry out training and disposition of men that fit the needs of the times.[17]

However, this does not mean it is correct to say that "the Prime Minister's Office takes a primary role in economic policy making, in conjunction with the Economic Planning Agency, with the highly-skilled instruments of the Ministry of Finance, the Ministry of International Trade & Industry (MITI), and the Bank of Japan as its executive arms..."[18] Because, in point of fact, the EPA, or more accurately the agency economists employed there, do not have the capability to produce implementable documents even upon the request of the party leader—Prime Minister, entirely on their own. This can be quickly understood if we examine the internal personnel composition and power distribution of the EPA. In this agency along with the agency economists there is also an entrenched group of bureaucrats known as the "transferees" drawn from "agencies with old traditions and established systems," especially the Ministry of Finance and the MITI. And these "transferees," almost all of whom are bureaucrats of the conventional type, monopolize nearly all of the important posts within the agency and are in a position of overwhelming superiority over the agency economists in terms of power. Hence the agency economists, without the express or implied consent of the transferees, cannot produce any document which would have practical results. In other words, documents come to be produced through a process of bargaining and compromise among "the various government offices with old traditions and established systems" that are the parent bodies of the transferee group. And in this case, it is, in the final analysis, the Ministry of Finance, which is charged with the management of public finances, that has the initiative.

What gives the Finance Ministry the initiative? One explanation might be that taken from the standpoint of organization: the Finance Ministry has a grip on the vital post of Chief of Planning in the EPA. The basic reason, however, would seem to lie in the arrangement under which policy in general, excluding the exceptional case of the Income Doubling

17 Saburō Ōkita, *Nihon no keizai seisaku* (The Economic Policy of Japan), Tokyo, Yūki-shobō, 1961, pp. 55–56.

18 *The Economist* (*London*), November 28, 1964.

Policy, is decided in practice through the process of the compilation of the budget which is supervised by the Finance Ministry. Originally the compilation of the budget referred to the allocation of administrative expenditures necessary for the implementation of policy. In other words, as the Finance Ministry bureaucracy itself says, the compilation of the budget from among the many budgetary requests of the active departments,

> devolves upon the determination of which is more urgent, which should be given priority. This determination of urgency and priority is something which is obtained not primarily from the nature of the expenditure itself, but from its overall relationship with all expenditures. In regard to the relationship of one expenditure to another, it is a matter of determining which expenditure parallels most closely the present policy aims of the nation, taking for granted that the expenditures do parallel those aims; and where all expenditures parallel those aims equally, and are all important, it is a matter of which will be superior in terms of results.[19]

Consequently, generally speaking, policies must be determined in advance of the compiling of the budget. At the same time, moreover, there takes place a differentiation between those agencies which possess revenue sources and allocate funds obtained therefrom, and those which use the funds so allocated in the implementation of policy. And so, here once again, rules governing the relationship between both types of agency are set forth. It has been in such a way that, through long years of experience, the rules have taken hold in Japan that we see today, namely the formula of arriving at a decision on the specific allocations through negotiations and bargaining between the Finance Ministry (budget bureau) as the principal actor on the one hand, and on the other the various agencies directly concerned with field administration.[20] But what is characteristic of Japan these days is that, while the principle of party government is in force, in actuality, as a result of the parties' having lost the capability for policy decision-making, the rules of the budgetary compilation process have, as they stand, necessarily come to substitute for the rules of policy decision-making. The fact that the budgetary compilation process which was once considered a technical administrative process and which had never attracted the interest of the general public, made an about-face to become the center of political interest and via its magnification by the mass media has grown so important that it "marked events which, by its magnitude and its melodrama impress men even too much" (W. Bagehot, *The English Constitution*), bespeaks just

19 Kazuyuki Kōno, *Zaisei zatsuwa* (Conversations on Public Finance), Tokyo, Ōkura zaimu kyōkai, 1950, pp. 35–37.

20 Cf. Shōkichi Endō ed., *Yosan* (The Budget), Tokyo, Yūhikaku, 1955.

how far that takeover has proceeded.[21]

What has made such a takeover possible? First would seem to be the fact that the compilation of the budget is inherently accompanied by a time limit. The Interim Committee on Administration has deplored the fact that

> given the concentration during a brief period at the end of the year of most of the many adjustments and decisions relating to the compilation of the budget, cases arise in which policies are determined without undergoing adequate investigation of their content, without adequate consideration of their prospects in terms of public finance, or of their harmony with other policies.[22]

In fact, however, it is regarded as the general characteristic of the policy making of the times for the pertinent authorities to make reverse use of the inevitability of the concentration of proposals in such a brief interval by coming to a mutual agreement on the "logic of the deadline," so to speak, and thus forcing the contrivance of an opportunity for a determination. Of course, this is a necessary but not sufficient condition for making the takeover possible. In order for the act of making budget allocation to each of the ministries to be capable of meaning policy decision-making, it is also necessary that the budgetary amount allocated increase each year. This mechanism may be termed, following R. A. Dahl and C. E. Lindblom (*Politics, Economics and Welfare*), "incrementalism" in which when there is a quantitative increase in the values allocated through administrative action, people are apt to read qualitative justice into that administrative action. And particularly in the case of Japan "where although everyone agrees in theory with the necessity of currency stability, the voices from the quarters that feel an interest in inflationary trends are strong,"[23] there is thought to be a good deal of room for this mechanism of incrementalism to come into play. This point is particularly corroborated in the statement that

> since with the national economy moving into an era of growth, public finance has come to accumulate an unearned increment and this has led to new policy demands from the ministries, each of which tries to obtain as much as possible of the increase, the Finance Ministry, which holds the power of allocation has come increasingly to strengthen its position.[24]

Consequently, this probably means that the fact that on Ikeda's request a

21 Zaisei jānarisuto no kai, *Zaibatsu to Ōkurashō* (The Zaibatsu and the Ministry of Finance), Kyoto, Sanichi-shobō, 1956, pp. 60–69.

22 *Rinji gyōsei chōsakai no tōshin* (Report of the Interim Committee on Administration), 1964.

23 Ikeda, *op. cit.*, pp. 129–130.

24 *Rinji gyōsei chōsakai no tōshin.*

document which announced the Income Doubling Plan was produced was due not to the power of the agency economists but rather to the power, i. e., the approval and support, of the Finance Ministry bureaucracy. In other words, Ikeda was seeking not the special knowledge of the agency economists but rather to make an ally of the public finance capabilities of the Finance Ministry through the organ known as the Economic Planning Agency. And in fact, moreover, the Finance Ministry met Ikeda's request, cooperating willingly in the production of the document. For example, at the stage of the drafting of the document, the Finance Ministry bureaucracy was in complete agreement with Ikeda as regards the political twisting of economic theory, in diametric opposition to the agency economists who were extremely negative toward it.[25]

However, this meant a conversion on the part of the Finance Ministry bureaucracy which had from the beginning continued to oppose bringing economic theory into the domain of policy. For instance, in 1955, Ichirō Hatoyama, then government party leader and Prime Minister, had requested the EPA to produce a middle-range plan. However, at that time, the Finance Ministry withheld the necessary support and approval, and even went so far as to oppose the ruling party and the EPA, organizing a public finance conference led by men of scholarship who "supported the Finance Ministry view." Consequently, no document capable of implementation with practical results was produced.[26] The same thing happened also in the case of the Income Doubling Plan itself. The conception of the Income Doubling Plan was by no means itself an inherently original idea; it had already appeared previously in the "Basic Policy of Budgetary Compilation for 1957" produced by the ruling party in 1956. And, in 1959, Nobusuke Kishi, then leader of the government party and Prime Minister, had ordered the EPA to draft a plan that would "double the national income within ten years." This was, if taken as a drafting operation, clearly the forerunner of the "National Income Doubling Plan." However, at this stage as the Finance Ministry bureaucracy strongly opposed the draft, the operation ran aground. In fact, according to what a journalist has disclosed, it was even said that the Finance Ministry bureaucracy refused to provide the public finance data necessary for the operation.[27]

Hence, the fact that the Finance Ministry bureaucrats came to cooperate in the production of the "National Income Doubling Plan" means,

25 Mitsuo Chino, "Keizai-ha kanryō wa kapposuru" (The Economics-faction Bureaucrats Swagger), *Chūō-kōron*, November, 1961.

26 Hayashi, *op. cit.*, pp. 177–178.

27 Cf. *Shōwa 35-nen no keizai tembō* (The Economic Outlook for 1960), Tokyo, Ōkura zaimu kyōkai, 1960, pp. 15–16.

regardless of the fact that they foresaw that the economic theory introduced therein was destined to be distorted, that a conversion had taken place among them. Clearly, this conversion formed the second motivating factor.

III. THE DECLINE AND REORGANIZATION OF "PUBLIC ADMINISTRATION"

What caused this conversion of the Finance Ministry bureaucrats? What rationale did they employ to persuade themselves in effecting the conversion?

If, in order to shed light on this question, we peer into the mentality of the Finance Ministry bureaucrats, it becomes clear that their attitudes toward Ikeda had much the character of passive resistance. For example, they undertook the management of public finance on the basis of "concern" lest "a rise in the official discount rate, although required by the objective conditions, might if put into effect at the present be inadvisable as being harmful to Prime Minister Ikeda." However, such "concern" was not necessarily based on positive support for the Income Doubling Policy. It has even been said that, rather,

> it is more appropriate to view it as having arisen from the calculation that to do so would bring merit upon themselves as Finance Ministry bureaucrats —or else from the fear that not to do so would bring about disadvantageous results. This is due to the fact that Prime Minister Ikeda had a strong voice in not only the internal personnel affairs of the Finance Ministry but even as regards the future of retiring bureaucrats, and using this for leverage he has exerted convert pressure.[28]

This fact means that, on the one hand, the Finance Ministry bureaucrats tried to the best of their ability to impede the intrusion of irrational influence as represented by the character of Ikeda into their activities as administrators. However, on the other hand, also for that very reason, it turns out that they accepted Ikeda's character to a degree, using this, conversely, as a buffer against irrational influence in general. Consequently it can be said that it was rationality in their daily activities, that is, the desire to try to protect "administration" as management activity, rather than positive support for the Income Doubling Plan, that lay at the bottom of their conversion.

However, supposing this to be so, then the Finance Ministry bureaucrats must, on the one hand, have themselves, like the active departments, become the standard-bearers of "politics," while at the same time, on the

28 Chino, *op. cit.*, p. 266.

other hand, trying to hold fast to their position as the standard-bearers of "administration" that distinguished them from the active departments. In other words, the Finance Ministry bureaucrats of the times lived in two worlds simultaneously. It was just this dual character of the Finance Ministry bureaucrats, expressed in terms of particular cases of "administration" (actually "politics") and their "overall regulation," that was identified in the statement of the Interim Committee on Administration that "even the Ministry of Finance is an administrative organ in the same category with all the Ministries, and like all the Ministries has jurisdiction over many matters of implementation. That, notwithstanding this, the Ministry of Finance simultaneously tries to perform the role of overall regulation in administration, is the source of various problems."[29]

But even though the Finance Ministry bureaucrats may have desired to protect the rationality of "public administration," this does not mean that they could do so by themselves. Because while in general administrative activities are made up of a compound of multiple active administrators and a single passive administrator who exercises general supervision over these, the Finance Ministry—although as stated above, while itself performing acts in a few spheres as an active administrator—on the whole is nothing more than a passive administrator charged with general supervision. Thus the Finance Ministry bureaucracy becomes able effectively to perform management activity only with the collaboration of the active administrators.

Incidentally, in the postwar period, at least until about the time of the conservative party unification, it was of course the upper level bureaucrats of the active departments who bore the role of active administrators. That is, these upper level bureaucrats with those of the Finance Ministry in the lead formed one system of administrative action. However, as we have already seen, from around the time of the conservative party unification the upper level bureaucrats of the active departments were rapidly drawn into the world of "politics" and away from the world of "public administration." And so, in place of upper level bureaucrats who had left the realm of public administration, the top management of private enterprises, who previously may have been the objects of administrative action but would never have been able to be in the initiating end thereof, have in fact risen at least to the position of active administrators. Thus the Income Doubling Plan had the effect of half-recognizing the fact that these private enterprise executives had come to occupy the position of active administrators; because, as one of those concerned with the production of that docu-

29 *Rinji gyōsei chōsa-kai no tōshin.*

ment has said, the characteristic of the Income Doubling Policy was that for the first time it made the "private sector" the object of the plan. Of course, unlike a more highly planned "government public sector" in which the government directly possesses the means for implementing policy, this plan adopted the point of view about the "private sector" that "each entrepreneur should further either production or the expansion of equipment through the market mechanism."[30] Consequently the figures on the private sector were estimates and did no more than provide a tentative guide for the entrepreneurial activities of individual managers. However, at any rate, these entrepreneurial managers were incorporated into the framework of the plan, and moreover, the figures on the "private sector" which, properly speaking, were supposed to be nothing more than estimates, "tended to be taken as they stood as figures whose actualization were guaranteed." These facts were significant in giving the impression, both at home and abroad, that through this policy a new role had come to be recognized for private management.

The following statement of a Finance Ministry bureaucrat expresses the above facts:

> In business there are few opportunities for education in reading the broad trends of national economics and politics. No matter how able the man, he will within a few years inevitably be inferior in terms of judgment to the bureaucrat who has been drilled in how to view matters on the basis of abundant data from a national angle.[31]

In fact there may indeed be such a difference as that stated here between the Finance Ministry bureaucracy and private management. But at the same time it is also a fact that in the postwar era, unlike the prewar period, the talented man who has pursued the study of law in college tends "to want to get a position with a prestigious private firm with a better deal and more future than even a government agency." Not only is this the case, but *The Economist* was not exaggerating when it said of the management of these prestigious private firms that "by Western standards there is a visible lack of profit-consciousness right through the executive class," its members always remembering that behind the interests of their own companies "must lie also the interests of the greater company of Japan."[32] What is significant here is that the Finance Ministry bureaucracy, which had never before made any statement comparing itself with private man-

30 Ōkita, *op. cit.*, pp. 120–121.

31 Quoted in Yukio Suzuki, *Gendai Nihon no kenryoku erīto* (The Power Elite of Contemporary Japan), Tokyo, Banchō-shobō, 1967, p. 55.

32 *The Economist* (*London*), May 27, 1967.

agement, should have found it necessary to make such a statement now. Needless to say, this was an indication of the fact that in regard to protecting administrative activity from their rational influence of politics, the Finance Ministry bureaucracy and private management had arrived at a consensus, and that both had come to play a common role.[33]

Of course it may be something of an overstatement to say, in this case, that private management has completely replaced the higher bureaucracy of the active departments. This is because with the onset of such administrative circumstances, there becomes apparent a movement among these upper bureaucrats to readjust themselves. "Public administration" in Japan, taken from the standpoint of techniques of management, has relied on quasi-legal qualifications that would serve the art of administrative law-making. What is meant here is that it has become the practice for administrative action to be performed by men who, while possessing a degree of training in legal studies, and being so perceived by ordinary citizens, at the same time have enough flexibility to bend and apply the law in a manner expedient to the purpose of realizing the "public interest" as they see it, rather than having the maintenance of the law itself as their object, like the jurist. That private management executives have come to occupy the position of active administrators is also due precisely to the fact that many among them have, like the higher bureaucrats, equipped themselves with such quasi-legal qualifications. The lament heard prior to 1950 that "in both government agencies and firms, where specialized skills in management, direction, and supervision are essential, these matters are all left to law faculty graduates,"[34] is heard even today, or rather especially today, when, given the increase in specialized skills, others, not graduates of law faculties, should properly be coming into their own. Incidentally, in the face of a situation in which private enterprise managers are in the process of being transmuted into the bearers of "public administration," a movement has grown up among the higher bureaucrats of the active departments, and especially among their leading representatives, those from the MITI, to try to restore themselves to their former place as active administrators. The subtle change that has occurred in the attitude of the agency economists is indicative of this: that is, the EPA, as can be seen in the fact that its vice-director was one of the "transferees" from the MITI, has the nature of a stand-in for an active department. Moreover, the EPA, as can be inferred from the fact that it traces its ancestry to a predecessor, the

33 Cf. Shūzō Inaba, *Gekidō 30-nen no Nihon keizai* (The Japanese Economy during Thirty Years of Upheaval), Tokyo, Jitsugyō no nihonsha, 1961, p. 259.

34 Hideo Shimizu, *Tokyo daigaku hōgakubu* (The Law Faculty of Tokyo University), Tokyo, Kōdansha, 1965, p. 200.

Economic Council Board, which at one time after the war gathered to itself nearly all the economic policy decision functions of Japan, was an exceedingly political creation designed so that the upper bureaucrats of the active departments could, as a matter of course, participate in policy decisions through it separately from their ordinary administrative acts.[35]

Consequently, the fact that a strong trend became apparent among the agency economists in the EPA, taking advantage of the chance offered by the Income Doubling Policy, toward revising their previous policy-oriented attitude, and conforming to the traditional type of public administration official, itself basically reflected a trend that had arisen among the upper bureaucrats of the active departments.[36]

However, in spite of these "efforts toward reversion," the upper bureaucrats of the active departments were no longer capable of reinstating the old system under which they alone handled administrative actions to the exclusion of private management executives. Rather, the more they have tried to master the art of administrative law-making, the smaller the gap dividing them from the private managers has become. This art once served to differentiate the government agencies from the private enterprises, in the days when the agencies were the transcendental judges of the public interest, unrestricted by private influence. But in the circumstances of today, when it has become difficult to make a transcendental distinction between "public interest" and "private interest" and when, rather, there is no longer any alternative but to choose the most public of the private interests and tailor that into the "public interest," the very same art of administrative law-making serves, on the contrary, to blur the distinction between the agency and private managers. This point can also probably be divined in the fact that for instance "the circular notice which properly speaking is supposed to be nothing more than an internal rule of the government agencies (the performance of administrative actions through "circular notices" is one of the main characteristics of the art of administrative law-making) has in fact come to be invested with the same effects as an external norm, i. e., a law, and as a result through this form, conversely, private pressure has come to extend directly within the government agencies.[37]

35 Tsūsanshō kishadan, "Tsūsanshō no kao" (The Face of the Ministry of International Trade and Industry), *Chūō-kōron*, October, 1963.

36 Cf. Kenrō Yashiro, "Miyazawa chōkan to Keizaikikakuchō kanryō" (Agency Director-General Miyazawa and the Economic Planning Agency Bureaucracy), *Keizai hyōron*, XVII-2 (Feb. 1968).

37 Jirō Tanaka, "Hōritsu ni yoru gyōsei to tsūtatsu ni yoru gyōsei" (Public Administration by Law and Public Administration by Circular Notice), *Jichi kenkyū*, XXXII-7

Furthermore, what lies behind this conversion in the function of the art of administrative law-making is probably the change in the nature of the profession in the higher bureaucracy of the active departments in which "it is no longer a lifetime position but has ended up becoming a stepping-stone to the next position."[38] In the higher bureaucracy there is no inherent retirement age system. However, in view of the fact that "one can't stand in the way of the younger men who have been waiting for their chance for advancement," in addition to the special personnel policy of attaching importance to the official's college graduation year, i. e., the year of his entrance into the agency, it has become the practice for men to retire from the agency between the ages of forty and fifty. But even so,

> the privileged bureaucrats of the prewar received high salaries and their retirement pensions were more adequate than those today. Since, in addition they had a chance of becoming imperial nominee-members of the House of Peers, they had no worries about making a living and could continue in the capacity of officials of the Emperor and as a unique political force.[39]

However, the situation has been reversed in the postwar period. Salaries have become extremely low, and the pensions are insufficient at least to meet the costs of educating their children. Thus during his tenure with the agency, today's bureaucrat "gives thought to what he ought to do after retirement. And so he is all too apt to listen to the requests of companies and business groups, taking care to do all that he can for the sake of ensuring his future."[40] It will be readily appreciated that this fact works in the direction of breaking down the relative individuality of the bureaucracy. Thus it has been said that today, the higher bureaucrats of the active departments have found it difficult to adopt the standpoint of "general capital," let alone the "public interest," and have adapted themselves to the standpoint of "individual capital." In contrast, the Finance Ministry bureaucrats alone, even though themselves higher bureaucrats too, have not found it necessary to depend on the private sector. One reason for this is that the Ministry of Finance bureaucracy has many governmental agencies under its influence, all of which are supported by government, i. e., Finance Ministry funds, and finds ample job openings for its retiring officials there.[41]

(July, 1956). Cf. Nikō Kawanaka, *Gendai no kanryōsei* (Contemporary Bureaucracy), rev. ed., Tokyo, Chūō daigaku shuppanbu 1966, Chap. II.

38 Ogura, *op. cit.*, p. 77.

39 Seizaburō Shinobu ed., *Nihon seiji tokuhon* (Readings in Japanese Politics), Tokyo, Tōyōkeizai-shimpōsha, 1960, p. 105.

40 *Ibid.*, p. 106

41 Cf. Ōkurashō kishadan ed., *Ōkurashō* (The Ministry of Finance), Tokyo, Hōbunsha, 1956.

Thus, in the sphere of public administration, the Finance Ministry bureaucracy has now bypassed the higher bureaucracy of the active departments and formed direct links with the management sections of private enterprise to form a new system of administrative action. In other words, administrative autonomy has indeed disappeared in the eyes of the upper bureaucrats of the active departments, but this does not mean that "administrative autonomy" itself has disappeared. It has been reconstructed in cooperation with the private managers. Incidentally, there is no doubt that there has occurred a subtle change in administrative techniques in the process of this reconstruction. The mode of deciding the agency's stand, known as the "system of reaching decisions via circular notices," has been rationalized. And while it is a public secret that there has grown up a differentiation of such decision circulars into the two categories of "planning decision circulars" connected with the development of new policy, and "implementation circulars" connected with putting established policy into concrete form, it is clear that this rationalization corresponds to that which took place in private management.[42] We might say, in other words, that in conjunction with the change in the method of determining the "public interest," the art of administrative law-making is in the process of diversification from a simple "*Hoheitsverwaltung*" to a "*Betriebsverwaltung*" incorporating techniques from private management.[43]

However, on the other hand, it is also an indisputable fact that this new system lacks moral bonds. In the past, backed by the common civil service examination and the value system of the Emperor System, there existed an unofficial, single occupational structure of public administration specialists, which took in both active and passive administrators, and which set up and enforced norms of administrative behavior. What I have previously termed the administrative ethic consists precisely in the behavioral norms thus established and enforced, as expressed from the viewpoint of a member of this structure. Thus, for example, the practical exclusion in the 1930's of the group of ambitious policy-oriented bureaucrats known as the "new bureaucrats" from the system of administration is understood to have been due to the influence of this unofficial structure.[44] Between today's Finance Ministry bureaucrats and the private managers, however, there is no common moral structure save only such general features of their back-

42 Kiyoaki Tsuji, "Nihon ni okeru seisaku kettei katei" (The Policy Decision Process in Japan), *Shisō*, No. 487 (Jan. 1965).

43 Cf. Tsugio Ozeki, "Gyōsei uneihō" (Law Concerning Administration), *Gyōseihō kōza* (Lectures in Administrative Law), Vol. 4, Tokyo, Yūhikaku, 1965.

44 *Furui Yoshimi shi danwa roku* (Informal Talk of Furui Yoshimi), Naiseishi kenkyū-kai shiryō, 1966, pp. 81–86.

grounds as having come, in general, from the middle class and having received a common education.[45] The two are linked, rather, by the impersonal bond of the flow of capital. Unlike prewar enterprise which was founded on the basis of its own capital, postwar enterprise has been dependent on loans from commercial banks for about 70–80% of its capital; and in the final analysis these loans are provided on credit from the Bank of Japan, Japan's central bank. Moreover, the Bank of Japan maintained a fair degree of independence in the prewar, but, as is common knowledge, it has grown rapidly and increasingly subservient in the postwar to the Ministry of Finance, especially ever since it took a retired Finance Ministry bureaucrat as its president.[46] In fact, the new system of administrative action is supported by precisely the mechanism of government credit in which the subservient Bank of Japan serves as intermediary. And this is in keeping with the fact, previously noted, that the budget compilation process has taken over from the policy making process. The budget compilation of present times is conducted on the formula of year-by-year "anticipating a larger unearned increment and enlarging the scale of public finance," which has made possible the operation of the mechanism of incrementalism. But the fact that, in spite of this sort of "easy" public finance administration, a balance has somehow been maintained between capital investment and accumulation in the society as a whole, has been due, it is thought, to the operation of the mechanism of the "investment first, accumulation later formula" which has hinged upon the currency supply route from the Bank of Japan to commercial banks to private enterprises.[47] And so, in this light, public administration in the postwar can be seen to have decreased markedly in quality, despite or rather just because of the fact that the system of administrative action was especially reorganized in connection with the Income Doubling Policy. And this decrease in the quality of public administration is not unrelated to the spreading among administrators of an "easy-does-it attitude of respecting the independence of the business world and private enterprise, keeping hands off both profit activity and the substance of financial matters, and letting the government make up for whatever goes wrong in administration."[48] To this extent, then, since the unification of the conservative party, Japan can be said to have lost more than she gained through the reconstruction and maintenance of

45 W. W. Lockwood ed., *The State and Economic Enterprise in Japan*, Princeton, Princeton University Press, 1965, p. 503.

46 "Yamagiwa Nichiginsōsai no yūutsu" (The Dejection of Governor Yamagiwa of the Bank of Japan), *Ekonomisuto* (Tokyo), December 20, 1960.

47 Hayashi, *op. cit.*, pp. 53–54.

48 Yukio Suzuki, *op. cit.*, pp. 59–60.

the established order. Nor is it at all strange that the "stagnation of public administration" has recently once more become a serious "political" issue.[49]

IV. CONCLUSION

Above I have traced the attitudes and behavior of the bureaucracy as the standard-bearers of "public administration." But theoretically the role of the bureaucracy does not end with being the standard-bearers of "public administration." For example, it has been said of the bureaucrats of prewar Japan that they

> . . . were bureaucrats who graduated from the law faculties of the Imperial Universities, passed the higher civil service examinations, and specialized in the practical work in public administration. But they sought to be more than that. To govern the people as the Emperor's officials, that is to be statesmen-like public administrators unrestricted to the practical affairs of public administration, was their ambition and their pride.[50]

But being "statesmen-like public administrators" is a phenomenon by no means limited to prewar Japan; it is a role that might be expected of bureaucrats universally, in every age and in every country. That is, there is no theoretical guarantee that "public administration" is the most appropriate category for analyzing and evaluating the attitudes and behavior of the bureaucracy. But it is also an indisputable fact that Japan's postwar bureaucrats, despite having become involved in the world of "politics," have found, or more precisely, have tried to find their aspirations and their hope in being the standard-bearers of "public administration," as can be readily perceived in the statement of the retired bureaucrat cited earlier. And this is not unrelated to the fact that, under a situation in which a "pseudo-"public administration, so to speak, lacking moral bonds, is becoming institutionalized, the non-public character of Japan's enterprise has been re-engraved upon the bureaucrats, especially one particular segment of them, the Finance Ministry bureaucrats, and upon the private managers. For example, traditionally in Japan, "private enterprise has been protected and nurtured by public administration and has sought the aid of the State not only in external economies but even as far as internal economies; and this has come to be carried out in the name of 'the public.'" In recent days, moreover, it is reported that there have even appeared instances in which "the State has taken onto itself the burden of eliminating hazards to public

49 "Kōchoku-ka ni hisomu sajutsu" (The Latent Deception in Stagnation), *Asahi jānaru*, January 21, 1968.

50 Masumi, *Nihon seitōshi ron*, p. 166.

safety and other external diseconomies caused by specific enterprises, and even has resorted to police power to crush popular protest."[51]

In other words, if the bureaucracy can succeed in developing a new technique of "public administration by consent and persuasion, based on investigation and research," the road will lie open to the bureaucracy to identify and establish "the public interest," on an empirical, case-by-case basis.[52] Moreover, to take this opportunity and function as a safety valve under the afore-mentioned new administrative system would also be precisely the rationale for reviving and maintaining the bureaucracy's privileges. In which case, the concept of "public administration" could be said to have become a guiding—though latent—principle for the privileged bureaucrats in postwar Japan.

51 Atsushi Satō, "Nihon kanryōsei no mondaiten" (Problems in Japan's Bureaucratic System), in *Gendai shakaigaku kōza* (Lectures in Contemporary Sociology) Vol. 3, Tokyo, Yūhikaku, 1964.

52 Yasuo Watanabe, "Kōkyu kanryō no kinō" (The Function of the Higher Bureaucracy), *Chūō-kōron*, February, 1963. Cf. Kawanaka, *op. cit.*, Chap. 3.