

Introduction and Executive Summary

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Japan faces a policymaking crisis. The bureaucrat-led "1955 system" is broken, and a new system has yet to replace it. As a result, Japan has failed to adequately address its most fundamental challenges; fixing its economy and defining its role in a post-cold war and post-9/11 world. These failures have prompted a debate in Japan over a new policymaking system. The results of that debate will profoundly influence the policy choices Japan makes. Given Japan's status as the world's second largest economy and most important ally of the United States in Asia, the policymaking system Tokyo adopts and the policies that flow from that system will have important regional and global implications.

The principal reform proposals offered thus far have centered on *seiji shudo*, a term referring to policymaking led by politicians rather than bureaucrats. Some steps have already been taken to advance this concept. In 1994, Members of the Diet gained one additional staff person to focus on policymaking. In 2001, the Prime Minister's Office assumed new policy development powers with the establishment of the Cabinet Office and the Council on Economic and Fiscal Policy. That same year, the bureaucracy was reorganized and placed under more direct legislative oversight through the creation of two new ministerial political posts, Senior Vice Minister and Parliamentary Secretary.

Japan's Changing Political Landscape

Moreover, the general political landscape in Japan continues to change in ways that open the door to enhanced roles for politicians in the policymaking process. In addition to its failure to address some of Japan's most basic problems, the bureaucracy has suffered through a series of scandals that have undermined the prestige and influence of the ministries. The resulting power vacuum must be filled, and politicians constitute an obvious alternative to bureaucrats.

The Lower House election of 2003 provided further impetus for politician-led policymaking. For the first time, the major parties offered policy manifestoes, in which they outlined their positions and goals on the key challenges confronting Japan. In succeeding elections, the media and the public may use the ruling party's manifesto as a yardstick to measure its success in fulfilling its promises.

The 2003 Lower House election also significantly elevated the status of the Democratic Party of Japan (DPJ). For the first time since the collapse of the Socialist Party in the 1990s, Japan has two major

political parties capable of electing enough Diet Members to form a government. Indeed, given the Socialist Party's inability to gain a majority in the Lower House even during its halcyon years, as well as the transience of the coalition government that ousted the Liberal Democratic Party (LDP) from power in 1993, the DPJ arguably offers the citizens of Japan the first real choice in terms of an alternative governing party in more than half a century.

Potential for Party Realignment

That said, for a number of reasons, either or both the major parties may change significantly as succeeding elections take place. For example, despite the DPJ's highly detailed policy manifesto, which all its Members in the Diet ostensibly supported, the party's membership spans the political spectrum from former Socialist Party members on the left to former conservative LDP members on the right. The political views held by members of the LDP cover nearly (but not quite) the same vast ideological distance.

Moreover, even when members of the two parties willingly cast aside their personal views and accept those of their leaders as outlined in the manifestoes, prevailing views on policy within both the LDP and DPJ appear incongruous, especially when compared to political parties in most of the rest of the developed democratic world. In particular, the LDP tends toward a liberal position on domestic policy and a conservative one on international affairs. The LDP seems to view deregulation and free market principles with the sort of suspicion found in many left-of-center political parties in other countries. Yet, when it comes to Japan's international role, the LDP supports a degree of assertiveness that tracks more closely with other nations' right-of-center parties. Meanwhile, the DPJ seems to combine a right-of-center advocacy of domestic economic reform with a left-of-center distrust of the country assuming a more vigorous international security role.

While anyone who has spent any time following or participating in politics understands that political parties act opportunistically and often stake out incongruous positions in the pursuit of power, the degree of incongruity in the policy positions taken by the LDP and DPJ appears acute enough to make both parties highly unstable, and perhaps due for further realignment

New Komeito and the Waning of LDP Factions

Another destabilizing factor is the LDP's reliance on the New Komei party to form a secure governing coalition. Yet the views of New Komeito on constitutional reform, pension reform and other key issues

depart nearly as significantly from prevailing opinions within the LDP as they do from those within the DPJ. Thus, New Komeito - which has the most reliable base of support of any of the parties - may find its interests best served in the future by playing the two major parties off one another.

Finally, factions no longer have the power they once did to determine LDP behavior or serve as the glue holding divergent elements of the party together. Changes in the campaign finance laws diminished the key role factions previously played in dispensing money to candidates. And Prime Minister Koizumi's break with the past practice of naming cabinet officials based on faction ties eliminated the other central perk accorded faction members - the prospect of gaining a ministerial position based on fealty to faction.

Absent strong factional glue holding the party together, the LDP can best be characterized as a disparate coalition of members seeking power for its own sake, rather than to achieve policy objectives. Given the breadth of the policy views held by its Diet Members, the same can be said of the DPJ. Again, those familiar with politics will understand that for many - even most - political parties, the desire for power trumps purpose. Yet Japan's two major parties represent naked ambition to an unusual and perhaps unstable degree.

The parties' manifestoes masked this ambition in one sense. But the DPJ also crafted its manifesto, at least in part, to reveal the LDP's internal policy inconsistencies and, in future elections, to show the public the ruling party's failure to deliver on its promises. Yet should the DPJ ever assume power, it will face precisely the same problem in achieving its stated goals due to its own internal inconsistencies.

Perhaps the people of Japan are better able to accommodate inconsistency and incongruity than citizens of many other nations. But given the crucial policy challenges Japan faces and the choices the country must make in the near future, the political landscape may change dramatically. It is even conceivable that two major parties, whose members hold more consistent and coherent views on both domestic and international matters, may emerge.

Changing the Way the Diet Conducts Business

Regardless of when or even whether such change takes place, for the reasons described above, the influence of politicians over the policymaking process in Japan may begin to grow. Indeed, there are a number of younger Members of the Diet - including three who made contributions to this book - who are seeking to carve out roles for themselves based as much on their policymaking skills as on their political adroitness. If the influence of such politicians is to increase, the Diet will need to further change the way it conducts

business. In considering such changes, current Members of the Diet, the media and the public might usefully examine the role of other legislative bodies in policymaking. The project from which this report emerged centered on the role of the U.S. Congress in policymaking. It included an examination of aspects of the U.S. system that might be fruitfully adopted - or best avoided - by the Diet to improve *Nagatacho's* effectiveness in policymaking.

Differences between Congress and the Diet

In the first chapter of this volume, former Ambassador to Japan and former Speaker of the House of Representatives, Thomas S. Foley, provides an overview of the U.S. system in comparison to that of Japan. He notes that as legislative bodies, the U.S. Congress and the Japanese Diet may have more differences than similarities. For example, the U.S. system is predicated on a separation of powers among the executive, legislative and judicial branches, while Japan has a parliamentary system in which members of the Diet assume the top posts in the executive branch. At the same time, however, Foley describes how the relationship between Congress and the executive branch has evolved from the period of the 1950s, when the President, Speaker of the House and Majority Leader of the Senate could make decisions on the direction of U.S. government policy largely by themselves. Today the U.S. system is characterized by Members of Congress who often act independently of their leaders.

One of the key reasons for this change has been the growth in numbers of professional staff on Capitol Hill, as well as the advent and increasing size of organizations working directly for the legislative branch. Those organizations provide Congress with the most extensive policymaking resources of any parliamentary body in the world. Foley points to the Congressional Research Service, the Congressional Budget Office and the General Accounting Office as the major institutions providing such in-house policy expertise. He also cites outside organizations that provide further resources for Members of Congress, including think tanks, universities, nongovernmental organizations and lobbyists.

Foley suggests that policymakers and others involved in policymaking in Japan examine these U.S. organizations because the Diet seems well on the way toward greater assertiveness as an institution and more independence among its Members. Foley asserts that the days when shadow *shoguns* ruled the political world have passed. In addition, Diet Members' obligations to their parties and factions have diminished as they find it easier to switch allegiance without suffering fatal political consequences.

The Policymaking Infrastructure on Capitol Hill

In the next group of chapters, the four authors provide a description of the policymaking infrastructure of the U.S. Congress and the many resources cited by Ambassador Foley which enable Capitol Hill to hold its own in policymaking battles with the executive branch.

In Chapter 2, I describe the role of Congressional staff in policymaking. I begin by explaining some of the strict ethics rules governing the behavior of Congressional staff, including the severe limitations placed on staff in terms of fund raising and election-related activities. I also cite the Ethics in Government Act, which requires that Members of Congress and senior staff file annual financial disclosure forms, reports on gifts received and records of travel provided by outside organizations - documents that are then made available to the public. I argue that the limitations placed on Capitol Hill staff in terms of campaign activities free them to engage in more substantive policy work than their counterparts in the Diet. I further note that Congressional staff often have policy expertise rivaling or even exceeding that of career bureaucrats. Staff use that expertise to play a vital role in formulating public policy, a role that forces a more open and transparent policymaking process and, arguably, better and more effective policies.

In addition, Members of the House and Senate are provided sufficient government funds to hire large numbers of staff. In the House, Members receive slightly more than \$1 million to cover the cost of staff as well as certain other expenses. Senators receive amounts totaling between \$1.6 and \$3.2 million depending on the population of the state they represent. While salaries vary widely, staff may currently earn as much as \$158,000, along with generous pensions, retirement savings plans, health care, life insurance and other benefits.

Beyond their personal offices, Members of Congress who serve as Chairmen or Ranking Members of committees have large numbers of additional committee staff at their disposal, people generally hired for their policy expertise. Finally, family members almost never work within a Congressional office on a paid basis for the simple reason that voters view such conduct as unseemly.

In Chapter 3, Robert Sutter, a former senior official in the Congressional Research Service (CRS) describes the functions and roles of the variety of the organizations Congress has created to assist it in policymaking. Sutter examines in detail the broad range of services offered by CRS, the support agency providing the widest range of services to Congress. He describes how the General Accounting Office and its 3,700 employees conduct audits, evaluations and investigations for Congress on the implementation of Congressional mandates and

appropriations. He also explains how the Congressional Budget Office (CBO) with 230 employees provides Congress with objective, timely, nonpartisan analysis of economic matters and budget decisions, as well as information and estimates to complete the overall budget process.

In addition to these three major organizations, he describes other agencies within Congress that provide support to Members and staff, including the Government Printing Office, the House and Senate Parliamentarian's Offices, the Legislative Counsel Offices and the Legislative Information System, which offers those in Congress up-to-the-minute reports on the status of legislation working its way through Capitol Hill.

Sutter shows how these support agencies deliver reliable, authoritative, nonpartisan and responsive support to Members of Congress and staff. These organizations assist Congress throughout each stage of the legislative process, from developing proposals and writing bills to preparing and conducting hearings on legislation; completing committee reports on bills; working with Members on the floor of the House and Senate during consideration of legislation and in conference committees between the two houses of Congress; and in monitoring implementation and conducting oversight of the mandates of legislation. Throughout his analysis, Sutter describes how the various Congressional organizations compete with outside groups in serving Congress.

Think Tanks and Lobbyists

In Chapter 4, Steven C. Clemons, former Senior Advisor to Senator Jeff Bingaman and current Executive Vice President of the New America Foundation, a new and influential think tank in Washington, explains how one crucial group of such outside organizations - think tanks - contributes to U.S. policymaking generally and Congress specifically. Clemons notes that currently there are more than 1,500 think tanks in Washington D.C. alone, with many more around the nation advising state and local governments. Such organizations cover the political spectrum and have become an integral part of the policymaking process in the United States. He describes in detail the think tank he currently works at and helped create, and demonstrates how his and other such institutions counsel policy makers, critique bad decisions made by government, put better ideas on the table and then attempt to influence government to adopt them.

Due to the competitive nature of U.S. policymaking and the range of policymaking participants outside of government, Clemons explains how think tanks must work to build constituencies for their policy work. To do so, they have their staff meet legislators, provide testimony before Congressional committees, draft and distribute policy briefs,

write and publish books, generate opinion-editorials and appear on major television and radio programs - all in an effort to get others to understand why their particular policy positions or strategies are better than others. He also gives an example of how he developed a policy prescription for Iraq, and worked to gain widespread support for the concept from Members of Congress and other key government decision-makers. Finally, he suggests that the creation of a more vibrant think tank sector in Japan could energize the country's policymaking process.

In Chapter 5, Robert Keefe, a former Executive Director of the Democratic Party and an influential lobbyist in Washington, explains how lobbying affects American policymaking. Lobbying, which he defines as "advocacy in the development of public policy, specifically through the legislative process," is now a big business, generating millions of dollars in fees for lobbying firms, lawyers, Public relations professionals, accountants, consultants and free-lance operators. Lobbying also produces funds for political campaigns. Keefe gives a simple explanation of why many companies, individuals, associations, groups and organizations spend so much money on lobbying: it works.

Lobbying is a regulated industry in the United States, but as Keefe acknowledges, the rules governing the industry remain legally ambiguous. Indeed, lobbyists commonly use a number of techniques to bypass regulations, including creating and using special tax-exempt organizations to sponsor trips and provide other perquisites for Members of Congress and their staff. During such trips, lobbyists gain unfettered access for extended periods of time to the people most directly able to affect legislation important to clients of the lobbyists.

Keefe goes on to explain the various types of lobbying, from "grass roots" lobbying based on efforts organized and executed in ways similar to political campaigns, to "grass tops" lobbying targeting leaders in the districts of Members of Congress. Lobbyists also increasingly launch advertising campaigns to influence Congress. These several forms of lobbying are built on the activity that starts the political process - the financial support Members of Congress need to win elections.

The essence of lobbying, Keefe says, centers on transferring information to legislators and staff who, the lobbyist hopes, then act on that information. Because lobbying is focused on Congress, most successful lobbyists spent part of their careers working on Capitol Hill as Members or staff.

While Keefe believes lobbying should be more tightly regulated, he believes that, for better or worse, the money that sustains lobbying and lobbyist is a driving force in the American policymaking process, and will likely remain so for the foreseeable future.

Examples of the Congressional Role in Policymaking

The next four chapters of the report provide specific examples of how Congress has behaved in certain key policy areas.

In the Chapter 6, former Senator Nancy Kassebaum Baker describes the role of Congress in developing U.S. foreign policy. She provides a compelling instance of her own work enacting legislation sanctioning South Africa for its practice of apartheid. She achieved success despite dogged opposition, including a veto of her bill, by fellow Republican, President Ronald Reagan.

In Chapter 7, the current Undersecretary of Commerce for International Trade and former Chief Counsel of the Senate Finance Committee, Grant Aldonas, provides a history of the push and pull between the executive branch and Congress over trade matters. He goes on to describe some of the key trade challenges confronting the United States, Japan and the rest of the world.

In Chapter 8, Armando Falcon, former Chief Counsel of the House Banking Committee and currently Director of the Office of Federal Housing Enterprise Oversight - the organization regulating the \$3.5 trillion market represented by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation - describes the Congressional role in banking and financial oversight.

In Chapter 9, I offer an examination of Congressional contributions to U.S. policy toward Japan, showing how Congress tends to be a reactive rather than proactive player in policymaking. I describe several instances of Congressional actions taken in the 1990s, which had an impact on U.S. - Japan relations. The examples illustrate some of the techniques most commonly used by Congress to influence foreign policy. I begin with a description of how a bill regarding Japan was enacted. While passing legislation creating programs or modifying current law is the best-known way for Congress to implement policy on Japan or other matters, I explain how nonbinding resolutions (measures passed by Congress, but not having the force of law) can have a significant impact on policy, especially in the area of foreign affairs.

I then describe how Members of Congress use public and private statements on specific issues to move policies in desired directions. Finally, I detail how hearings and Congressional powers of oversight provide another means for the legislative branch to exert its influence.

Views from Nagatacho

The last group of essays provides a view of policymaking in Japan from Diet Members themselves.

In Chapter 10, Councillor Hayashi Yoshimasa, who previously worked in both the U.S. House of Representatives and the Senate, uses

his unique insights into the legislative bodies in the two countries to examine the limits of applying American approaches in Japan. Hayashi begins by describing the major differences between the U.S. and Japanese systems of government, noting that in the United States only Members of Congress may propose legislation. In contrast, because Japan has a cabinet-led parliamentary form of government, lawmakers propose only about 20 percent of legislation. Hayashi details his own experience in introducing legislation in the Diet and successfully passing it into law. He also describes how bills initiated by members of the Diet fall into three general categories: 1) basic laws, 2) emergency and preventive laws and 3) inter-ministerial laws. Hayashi explains that Members of the Diet initiate most basic laws, while the Cabinet generally develops most emergency and preventive laws. Inter-ministerial laws - which encompass matters of dispute between ministries, matters where ministerial jurisdiction is uncertain and matters the ministries find so sensitive that they prefer to avoid taking responsibility - often require Diet Members to take a leading role.

In instances where Members initiate legislation, Hayashi explains that the Diet currently has a variety of policymaking resources available to it including the National Diet Library, which models itself on the Congressional Research Service. In addition, with a searchable database of laws and ordinances provided by the Ministry of Public Management, Home Affairs, Posts and Telecommunications, Hayashi believes that Diet Members and staff now have a level of access to legislative information comparable to that available to those working on Capitol Hill. The Standing and Special Committees of the Diet also have "research rooms," whose employees respond to requests from Diet Members. The LDP has its own think tank, the Policy Research Institute, as well as the Policy Affairs Research Council, which employs a number of policy experts. Moreover, bureaucrats from the ministries continue to serve in crucial roles assisting Diet Members. Hayashi contends, nonetheless, that improvements can be made to Japan's system, particularly in terms of Diet Members' access to information.

Because legislators do not initiate most bills, Hayashi believes that Members may effectively operate their offices with far fewer assistants than Members of Congress. Yet he believes that Japan's policymaking would be enhanced if those most directly involved in the process were able to change jobs more easily, yet remain in positions of influence. In this respect, he describes how the American system may serve as a useful point of reference for Japan.

In Chapter 11, Councillor Keizo Takemi looks at some of the changes Japan is undergoing in the area of foreign policy. He shows how a younger generation of politicians he calls "military realists" is seeking a larger role for Japan internationally, and talking openly now about security issues deemed too sensitive for public discourse

only a few years ago. He also shows how the interest of Japan's youth in assisting the less fortunate in countries around the globe has contributed to the creation of new means for Japan to provide overseas development assistance. Takemi goes on to describe how Ministers and party leaders will likely begin taking greater leadership roles in making policy decisions. He also explains a decision-making system the LDP has introduced which uses top-down methods to put the Prime Minister's ideas into place more quickly. These methods help overcome the resistance of bureaucrats and Diet Member policy cliques maintaining ties to particular ministries.

In Chapter 12, Councillor Kobayashi Yutaka describes how the so-called "lost decade" following the collapse of Japan's economic bubble engendered a sense of frustration in the country as the government failed to address the fundamental problem of restoring sustained economic growth. He believes that failure resulted largely from what he labels "institutional fatigue," which has overtaken Japan's policymaking process.

Kobayashi contends that one way to spur improvements in policymaking may involve an embrace of information technology (IT). In particular, as Japan moves to establish electronic government (e-government) to handle a variety of functions - a matter in which he is currently engaged - the country will have to consider new methods of policymaking. In Kobayashi's view, information technology and e-government have a number of special attributes that require new ways of thinking and of conducting policymaking. In general, younger lawmakers are more comfortable dealing with IT issues than their older colleagues in the Diet and the bureaucracy. Moreover, e-government does not fall neatly within the jurisdiction of any single ministry; instead, it cuts across the vertical structure of Japan's bureaucracy. Finally, in the IT field, much of the accumulated wisdom found in the ministries has little value due to rapid change in the technology itself.

IT and e-government thus challenge Japan's traditional policymaking process. In meeting that challenge, policymakers will have to overcome the institutional fatigue burdening Japan's policymaking. In that respect, Kobayashi maintains that the processes and policies used to advance information technology and e-government in Japan may ultimately serve as models for reinvigorating the country's overall policymaking process.

Recommendations

In the final chapter of the book, I argue that, as complicated democracies facing difficult choices in the years ahead, both Japan and the United States need to maintain legislatures with robust policymaking capabilities. As the government entities with the closest

ties to citizens, legislatures offer the public its best chance of having its interests represented and concerns addressed. Some of the newer Members of the Diet, such as those who provided essays for this report, have willingly worked across party lines to accomplish important policy goals on behalf of the people they represent. They are the harbingers of a new politics in Japan, one in which the Diet will likely play a far more active and responsible role in policymaking.

As many of the contributors to this volume have noted, the governmental systems of the United States and Japan differ greatly. Indeed, as Ambassador Foley points out, the differences may be more important than the similarities. Yet, while the two countries diverge widely in cultural and social terms, both have achieved success in many areas. Japan, with a proud history and a unique culture, has made remarkable strides economically over the past 60 years and provided a developmental model that countries around the world have sought to emulate. But for well more than a decade, Japan has struggled to adjust to new economic and global realities. During this period, Tokyo made progress only slowly and unsteadily, in large part because the country's policymaking system no longer functions adequately. As public trust in the bureaucracy has diminished significantly, citizens have sought alternatives to the current system. And with Japan's population aging rapidly and the global security environment in great flux, the country does not enjoy the luxury of time in making fundamental decisions about its future.

Despite the gulf between the American and Japanese forms of government, I argue that an examination of the ways the United States conducts policymaking may inform changes Japan may make to its own system. In particular, as the only viable alternative to a system led by bureaucrats is one in which politicians hold greater sway, the U.S. Congress - which wields powers equal to those of the executive branch - Offers a useful reference point for Japan.

Based on the results of this project, I suggest changes Japan might consider adopting in order to make the Diet a more effective policymaking institution.

Most important, the Diet should take steps to substantially enhance its internal policymaking resources. Diet Members and Committees should have more people on staff, ethically bound to focus exclusively on policymaking. To avoid Diet Members' using such staff for purely political purposes, rules must be put in place to ensure that the activities of policy staff are transparent. Requirements that such staff fill out financial disclosure forms, which in turn are made available to the public on the Internet, may help in this regard. Stiff penalties should be applied to those who break the rules or who provide false information.

The creation of a wholly independent organization to enforce

ethics rules for Diet Members, Staff and others who work in *Nagatocho* should be considered. A person or persons with impeccable credentials should head such a watchdog agency in order to engender maximum public trust.

Beyond an expansion of policy staff working directly for Members and Diet Committees, the Diet as an institution should have new and expanded policy support agencies assisting it. While the National Diet Library has modeled itself in part after the Congressional Research Service, the NDL's services pale in comparison to those offered by CRS. An expansion of the NDL's capacity to provide timely, nonpartisan information and analysis of pressing issues and legislation for Diet Members, their staff and committees is in order.

In addition, the Diet should consider creating an equivalent to the General Accounting Office to carry out oversight, investigations and audits regarding legislatively-mandated programs and policies. Such an institution should work exclusively for the Diet, maintain a nonpartisan status and have the resources and information-gathering capabilities to carry out its work without having to depend excessively on the ministries. Its reports should be made available to the press and public to the maximum extent possible, and routinely posted on the organization's website unless there is a specific and justifiable rationale not to do so. In creating such an institution, Diet Members would gain resources enabling them to quickly call for investigations of questionable activities by government agencies. GAO investigations, coupled with Congressional oversight hearings into U.S. government mismanagement, serve as a check on the executive branch by revealing misconduct and negligence. Just as important, the prospect of such revelations and the media attention they garner, strongly encourage executive branch officials to avoid misconduct in the first place.

While Japan's constitution stipulates that the Cabinet propose the national budget, the Diet must approve it. Members should therefore consider developing an in-house organization comparable to the Congressional Budget Office to analyze and critique what the Cabinet offers. Such a body should have capable staff with the resources to do independent economic forecasting and financial analysis of the budget and legislation having budget implications. As with the other new Diet institutions suggested, a budget office should make its work available to the public and press.

The changes outlined above would require a large increase in personnel in *Nagatacho*. To accommodate the additional staff, the Diet would have to erect new buildings or increase the size of existing ones. While new construction might be costly, it would pale in comparison to such edifices as Roppongi Hills and Shiodome. More important, the potential benefits for the country as whole in having a better-functioning legislature would so vastly exceed construction

costs that Diet Members should not shy away from appropriating the requisite funds. Indeed, they might consider using the price tag of the new *Kantei* building as a guidepost for setting a suitable level of expenditure.

Enhancing the policymaking capacity of the Diet would also entail a fundamental change in the culture of the Diet itself. Capable people would be far more eager to work in *Nagatacho* if the public and media viewed employment there more favorably. More comprehensive and better-enforced ethics rules and campaign finance laws would help in this regard. Over the longer-term, Diet Members should aim to enhance the status of those who work for them, so that serving as a legislative assistant is seen as a more honorable profession than is the case currently. Fortunately, Keio University and other prominent academic institutions are now in the process of setting up schools that will offer graduate programs in public policy. These schools should encourage students seeking a career in government to consider joining the offices of Diet Members, perhaps even offering internships in *Nagatacho* as part of the degree program.

Beyond enhancing the Diet's staff and internal policymaking organs, Japan should focus on the external policy environment and enhancing the ability of outside groups working for the common good to influence the workings of the legislature. Think tanks, research institutions and nongovernmental organizations have far less influence on policymaking in Japan than their counterparts in the United States. Partly as a result of *amakudari*, such entities are often closely linked to government agencies or special interest groups, and so unable to take positions that stray from those of their sponsors.

Establishing a truly independent, authoritative and influential think tank sector cannot be mandated by government. Moreover, funding must be available - and funders must be willing to take a hands-off approach in dealing with recipients of their largesse. Perhaps most important, independent think tanks and other such organizations must be able to attract people with sufficient expertise and stature to be heard, and to have their views taken seriously by those more directly involved in setting policy.

In this regard, the importance of establishing greater labor mobility in the policymaking community should be encouraged. The so-called "revolving door" that exists in the United States, in which people move in and out of government positions to the private sector, think tanks or academia, has some worthy attributes. However, the U.S. model also has flaws. There have been more than a few occasions when those who formerly served in government positions left for jobs in companies they previously regulated - and the prospect of lucrative private sector employment altered their decisions regarding regulation of the company or industry to which they moved. In Washington, those

who serve in government typically must wait one year from the time they leave public service before they can assume a position with an organization over which they had regulatory control or other links as government employees. That "cooling off" period, however, is often too brief to preclude conflicts of interest.

Moreover, if Japan were to develop its own form of revolving door system, a lobbying industry comparable to that found in Washington might develop as well. While Bob Keefe argues persuasively that lobbying exists in Washington because it works well achieving the aims of those able to pay the price, he also notes that the U.S. lobbying industry lacks adequate regulation. Successful lobbyists - like successful lawyers - sell their services to the highest bidder. Japan should guard against developments that encourage or further institutionalize a system in which those with the greatest financial resources have the best chance of achieving their policy aims. More often than not, those aims run counter to the overall national interest. In that respect, America's lobbying and influence peddling industries provide examples of what Japan might seek to avoid in changing its policymaking system.

That said, a more flexible labor market in policymaking - where individuals could move relatively easily among the bureaucracy, the Diet, think tanks, academia and the business world - would offer a richer and more dynamic policymaking environment. Japan's culture of lifetime employment is ending; but alternatives in the policy arena remain scarce for those who seek to change jobs yet wish to continue to play a role in policymaking.

The creation of independent think tanks would in itself enable freer flows of people in the policy field. Another means of encouraging that flow would entail increasing the numbers of political appointees in cabinet and ministerial offices. When a new Administration takes power in the United States, large numbers of political appointees assume positions throughout the executive branch. While the U.S. appointment process has increasingly been plagued by partisanship, and political appointees sometimes become captives of the agencies they direct, just as often they are able to fundamentally change the direction and policies of those agencies. Japan has precious few political appointees, and they almost always become overly dependent on the career bureaucrats who serve them, largely because the appointees are so outnumbered. Expanding the total number of political appointees would add another dimension to Japanese policymaking, and would simultaneously permit greater labor mobility for policymakers.

Such changes external to the Diet likely would require the sort of political realignment discussed above, in which political parties better come to represent coherent sets of ideas and principles readily identifiable by the public. But it is the public itself that must demand change if meaningful political realignment and policymaking reform is

to take place. Such demand cannot be created artificially. It must come from citizens themselves, though encouragement from the press and from leaders in government, business, labor, academia and the nongovernmental sector can help.

If that demand develops, and some of the changes in policymaking outlined above are adopted, I argue that Japan will be able to overcome its current problems more quickly, react more nimbly to new challenges, and become more adept at developing ideas and policies that engender a more prosperous and secure future for the country and its citizens.