

Civil Service Policy Making Process and Competencies in Japan: METI Case

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Aim of the Study

- Substance of Policy Making Process
Information gathering and analysis
Consultation = Process management
- Competencies cf. Inadequate attention to
the organizational competency
Types of competencies
Competency profile of the team

Background

- MITI: Traditional tension between horizontal bureaus (Industrial Policy Bureau, Secretariat, etc) and vertical bureaus
- Recent Change Structural Reform since 1990's
Strengthening horizontal aspect
Linkage with Regulatory Reform Commission,
Fair Trade Commission
Effectiveness of (annual) planning?
- 2001.1- Reorganization: From MITI to METI

Organization of METI

- Total: Headquarter, Patent Office and Regional Offices 8500
- Headquarter 2500 –high ratio of senior officials
 - (1) Administrative 1500 + Technical 1000
 - (2) Type 1 1000 (Ad: 600, Tech: 400) + Type 2+3 1500
 - (3) Posts above directors of divisions: 120
- Mobility
 - Secondment to prefectural governments 32 , Private sector 3
 - Secondment from Prefectural government 60, Private sector 50

Civil Service Competencies – government wide attempt

- 2001.12 Reform of Public Servant System
Emphasis on “ability” as basis for
promotion, wage
But what is ability?
- 2002.8 Reform of Recruitment Examination
From written examination to
comprehensive personnel evaluation
But how to evaluate?

METI's Experiments of Personnel Management

- “Policy professional”
Requirements – the ability of finding issues, information collection, articulation and designing of policies, negotiation and getting agreement, management for results, human resource management
New emphasis - the latter two – internal aspect
- “Specialist”
Research and Development
Nuclear Safety
Financial Analysis
Others (Information technology, statistics, intellectual property, corporate laws, trade law, standards and verification/ accreditation)

Case Selection

- Electricity Deregulation in 1999
cf. 1995 deregulation- introduction of IPP
Liberalization of retail
Complicated conflicts between regulator,
electricity utilities, new comers, and users
- Reintroduction of Holding Companies
Biggest change after WW2- Ideological issues
Relation with FTC
Spill over into commercial code and tax law

Electricity Deregulation

(1) Policy Document

- Policy Document
The Report of the Basic Policy Committee of the Advisory Council on Electricity Industry
- Composition of the Basic Policy Committee
Chair: The Head of Keidanren
4 members Electricity Utilities
5 members IPPs
One User (Itoyokado)
Expert “conservative” and “progressive”
- Timetable
1997.7 The Establishment of Basic Committee
1999.1 Final Report

Electricity Deregulation

(2) Competencies Profile

- Mr. C: Head of Public Utility Reform office
Expertise in strategic and analytical thinking based on economics analysis
Experiences in horizontal bureaus
- Mr. D: in charge of informal consultation with utilities, tariff reform
Political deal capability
Previous experiences in 1995 electricity deregulation reform
Networking with key persons in utilities
- Mr. E: in charge of foreign studies, legislation
Recent experiences of studying abroad
- Mr. F: in charge of advisory council – experts, IPPs and users
Networking with experts, users and newcomers
- Mr. G: in charge of tariff reform with Mr. D
Working with Mr. D for administrative reform before this position
Youngest and energetic

Electricity Deregulation

(3) Process and Management Skill

- Prehistory
1996.12 Economic Structure Reform Program
Target: International price level by 2001
- Conflict: July to Dec 1997
New Regime of METI Pro competition
Role of analysis (Mr. C)
Role of foreign information (Mr. E)
- Convergence: Jan to May 1998
Appointment of Mr. D – differentiated consultation
Transparent discussion about scenarios
- Tariff Reform: May to Dec 1998
Respect for “managerial autonomy”
Deal concerning surplus and capital

Holding Company Reform

(1) Policy Document

- Policy Document
“New Directions of Corporate Laws”
by the Study Group on Corporate Laws
- Composition of the Study Group
Chair: Trade Lawyer
3 competition lawyer, 1 economist, 1 attorney
10 practitioners from private industry
- Timetable
1997.11 Establishment of the Study Group
1995.2 Final Report
1997.6 New legislation
- Related Document and Process
1997.7 Setting up the Study Group
1998.2 Report of Study Group on Commercial Code
1999: Commercial Code amendment for setting up holding and subsidiary companies

Holding Company Reform

(2) Competencies Profile

- Mr. I: Chief of Industrial Organization Policy Office
Experiences in horizontal departments
Analytical capability for raising issues based on logics/ reasons
- Mr. K: Deputy Chief
Experiences of relative frontline (agricultural trade)
Young and energetic
- Mr. J: Successor of Division Chief
Capability of social consultation for cooperation with FTC
Dealing with labor issue - Experience of labor issues
- Mr. M: Successor of Deputy Chief
Experience of studying abroad just before the position
Specialist of Law and Economics
Seconded to MOJ afterwards

Holding Company Reform

(3) Process and Management Skill

- Prehistory
Review of issues by predecessor Mr. H
- Production of “New Direction of Corporate Laws”
Intuitive selection of the issue by Mr. I
Not supportive environment in the MITI
1994.5 Initial research consultation with business (Mr. K)
1994.11 Study group-difficulty of finding authentic expert
1995.3 Final Report
- Process Afterwards (Mr. J)
1995 fall to 1996.7 Relationship with FTC
Latter half of 1996 Relationship with Labor
- Commercial Code (Mr. M)
1998.2 Study Group Report
1999.2 Legislation Council of the Ministry of Justice

Conclusion

- Importance of Two Kinds of Skills
Analytical skill (Economics, Logic, Information)
Social consultation skill (formal consultation through advisory council, informal consultation)
- Team Profile of Competencies
Unintended combination
cf. Partly intended in the electricity reform case
What is the role of division chief ?
– analysis, consultation or management?

Future Agenda

- Detailed empirical analysis of competencies
- Methodology for assessing competencies of each civil servants in organizational context
 - need for bottom up analysis based on dozens of cases
- From tacit knowledge to more transparent and institutionalized knowledge
 - Analytical capability
 - Consultation capability